

Public Document Pack

Schools Forum

Wednesday, 12th December,
2012

at 4.15 pm

ADDITIONAL INFORMATION

This meeting is open to the public

Members

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MEMBERS' ROOM DOCUMENT

Agendas and papers are now available via the City Council's website

4 HOME EDUCATION

Briefing paper of the Inspector for Vulnerable Children, Childrens Services, providing information on home education will be sent under separate cover.

5 UPDATES TO THE SCHEME FOR FINANCING SCHOOLS

Briefing paper of the Senior Manager, Property, Procurement and Contract Management providing updates to the Scheme for Financing Schools will be sent under separate cover.

10th DECEMBER 2012

HEAD OF LEGAL, HR AND DEMOCRATIC
SERVICES

DECISION PAPER

SUBJECT: Home education
DATE: 12th December 2012
RECIPIENT: SCHOOLS' FORUM

SUMMARY:

Children's Services and Learning are seeking financial support from schools to create a position in the local authority to look after the needs of Southampton's Elective Home Educated (EHE) children/young people.

Over the last year there has been an increase in the number of parents who believe they have no alternative but to home educate their children/young people. The main reasons given for the increase is that parents can not find the mainstream provision to suit their child's/young person's needs.

Parents' choosing to Home Educate have a legal duty as set out in Section 7 of the 1996 Education Act. This includes all parents of every child of compulsory school age having to ensure that children receive efficient full time education suitable: to his or her age, ability and aptitude and to any special educational needs he or she may have, either by regular attendance at school or otherwise.

Many parents who chose to enter into home education, particularly of secondary age young people, try to follow the National Curriculum. This is because they seek to reintroduced their young person into mainstream education in the future e.g. taking GCSE exams whilst EHE to qualify for a college place post 16.

Many of the current parents electing to home educate define themselves as having limited means. It is for this reason they have approached the City Council for support. The support they are requesting covers requests for: locating premises where EHE children can be brought together to study (especially where specialist facilities are required eg for science) and exams can be taken.

Demographic details of home educated children/young people.

There are currently 134 home educated children/young people in Southampton that are known to Children's Services and Learning. This represents 0.5% of the school population. Of these:

- 73 are male; 61 are female
- 62 are primary aged
- 72 are secondary aged
- 20 have never attended school
- 7 attended pre-school
- 53 attended mainstream primary
- 32 attended mainstream secondary*
- Currently 3% have statements of SEN; 26% are School Action and 16% School Action Plus*
- Approximately 30% are known to be White British; 13% African and 12% Gypsy/Romany/Irish Traveller*

Children's Services and Learning offer home educating parents basic advice via the city website. In addition there are a number of voluntary groups, national and local, who offer advice and support to parents.

The city council legal obligation is to intervene where it appears a child/young person is not receiving a suitable education.

RECOMMENDATION:

It is recommended that the Schools Forum :

- (i) Note this report and consider the request for funding an Elective Home Education officer who would work 2 days a week (0.40FTE) at a cost of £15,600 per annum (grade 10)

REASONS FOR REPORT RECOMMENDATIONS

- 1. A significant proportion (0.5%) of Southampton children are not having their needs met by current mainstream educational provision

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 2. Maintain the status quo. This is rejected because of the number of children and young people affected.

BACKGROUND and BRIEFING DETAILS:

Appendices/Supporting Information: Briefing Paper attached

Further Information Available From:

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BRIEFING PAPER

SUBJECT: Scheme for Financing Schools
DATE: 12th December 2012
RECIPIENT: SCHOOLS' FORUM

THIS IS A DECISION PAPER

SUMMARY:

1. There have been some proposed local amendments to the Scheme for Financing Schools and these changes are effective immediately. The local authority must consult all schools in Southampton on the changes prior to approval by the Schools Forum.

BACKGROUND and BRIEFING DETAILS:

2. The Scheme for Financing Schools sets out the powers and responsibilities of governors and the local authority under delegated management and the financial controls within which a delegated budget can be operated. The Schools Finance (England) Regulations 2012 sets out what must be included in the scheme.
3. The key changes are:
 - a) Removal of those SLA's no longer available to purchase from Southampton City Council.
 - b) Reference to the responsibilities on schools to manage repair and maintenance.
 - c) The inclusion of reference to statutory legislation with regard to Health and Safety
 - d) Reference to the responsibilities on Governing Bodies with regards to health and safety.
4. Details of the changes that have been made to the Scheme are set out in more detail in Appendix 1.

RECOMMENDATION:

5. It is recommended that the Schools Forum:
 - agrees to consult all governing bodies and head teachers in Southampton on the amended Scheme for Financing Schools.

Appendices/Supporting Information:

Appendix 1 Summary of Scheme Changes

Appendix 2 Scheme for Financing Schools (December 2012)

Further Information Available From:

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BRIEFING PAPER

Appendix 1

Page	Clause	Previous	Amendment
11	3.8	H&S Training	Removed, this SLA is now incorporated into the Health and Safety SLA offering
27		Repairs and Maintenance	Property Management and Compliance
27	7	Nothing	Schools premises are the responsibility of the individual schools to manage on a day to day basis, in accordance with the requirements of SCC's Safe Working Procedure Property Management and Compliance.
27	7	Nothing	Procedure sets out the mandatory reporting requirements for Maintained Schools, Foundation Trust and Voluntary Aided Schools in order for those schools to meet the conditions attached to the receipt of delegated budgets as set out in this document.
27	7	Funds are delegated to schools to cover all repairs and maintenance of school buildings except for works which meet the City Council's usual definition of capital expenditure. The main areas of capital expenditure on school buildings which will not be delegated are as follows:	Funds are delegated to schools to cover all repairs and maintenance, including term servicing of school buildings except for works which meet the City Council's usual definition of capital expenditure. The main areas of capital expenditure on school buildings which will not be delegated are as follows:
27	7	Schools may choose to use their entire delegated budget for "landlord" repairs and maintenance to buy back into the repairs and maintenance service to be provided by the City Council's Property Services Division. Responsibility for "landlord" repairs and maintenance for these schools will transfer back to the City Council. This arrangement will be subject to a Service Level Agreement between Capita Property Services and schools.	Schools may choose to enter an SLA for Term Servicing provided by SCC through Capita Property Services.

27	7	The funds and the responsibility for all other aspects of repairs and maintenance is delegated to governors. A full breakdown of maintenance responsibilities between the City Council and schools is given in the Service Level Agreement for Repairs and Maintenance.	Nothing
27	7	Where schools carryout repairs, modifications or extension to buildings or their services the school must obtain a Landlords Consent to the proposed work from the City Council through Children's Services & Learning. This may require the submission of supporting documentation to enable the Consent to be granted. Trust schools are not required to obtain landlord's consent as the land and buildings are owned by the Trust but must notify the City Council of the proposed works.	Where schools carryout repairs, modifications or extension to buildings or their services the school must obtain a Landlords Consent to the proposed work from the City Council through Children's Services & Learning. This will require the submission of supporting documentation (for example, the proposed scope of works, contractors health, safety and environmental information (relevant to the service being tendered) to enable the Consent to be granted. Trust schools are not required to obtain landlord's consent as the land and buildings are owned by the Trust but must notify the City Council of the proposed works.
27	7	Nothing	Where a governing body or head teacher fails to discharge their obligations or duties as required by health, safety and environmental legislation or fails to comply with the Council's Policies, Arrangements and SWP's the Council will take the necessary action and reserves the right to charge the cost to the school's budget.
28	8	The City Council delegates to the governing bodies and headteachers the duty, in expending the school's budget share, to take the necessary actions to comply with health and safety legislation. However it cannot delegate its corporate legal responsibility under the "Health and Safety at Work Act etc 1974" and Regulations made under it. It	The City Council delegates to the governing bodies and headteachers (as the Responsible Person) the duty, in expending the school's budget share, to take the necessary actions to comply with all health and safety legislation, Council policies, arrangements, SWPs and environmental legislation as pertinent to their schools. However it cannot delegate its

		should also be remembered that staff at all levels have individual responsibilities under Health and Safety legislation.	corporate legal responsibility under the "Health and Safety at Work Act etc 1974" and Regulations made under it. It should also be remembered that staff at all levels have individual responsibilities under Health and Safety legislation.
28	8	Schools will operate within the Council's health and safety policies including Safe Working Procedures but with the delegation of powers under this scheme, governing bodies and headteachers will need to take positive action to ensure that Health and Safety is adequately managed within the school premises and on school organised trips.	<p>Schools will operate within the Council's health and safety policies, arrangements including Safe Working Procedures but with the delegation of powers under this scheme, governing bodies and headteachers will need to take and demonstrate positive action to ensure that Health and Safety is adequately managed within the school premises and on school organised trips. This requirement comes from the School Standards and Frameworks Act 1998</p> <p>Section 39.1 – (1) The governing body and head teacher of:</p> <ul style="list-style-type: none"> • a community or voluntary controlled school, or • a community special school,
28	8	<p>Safety functions falling within the direct responsibility of governing bodies and head teachers include:-</p> <ul style="list-style-type: none"> • formulating, disseminating and reviewing the school's health and safety policy statements in the context of City Council policy. • ensuring that arrangements are in hand to effectively plan, organise, control, monitor and review preventative and protective measures. 	<p>Safety functions falling within the direct responsibility of governing bodies and head teachers will include (but not exclusively):</p> <ul style="list-style-type: none"> • formulating, disseminating and reviewing the school's health and safety policy statements in the context of City Council policy. • ensuring that arrangements are in hand to effectively

		<ul style="list-style-type: none"> • buying and maintaining equipment (including fire fighting equipment). • maintaining and repairing fixtures and fittings and other elements as described in the Repairs and Maintenance Service Level Agreement are the responsibility of the governing body. • cleaning, both indoors and outdoors. 	<p>plan, organise, control, monitor and review preventative and protective measures.</p> <ul style="list-style-type: none"> • buying and maintaining equipment (including fire fighting equipment). • maintaining and repairing fixtures and fittings and other elements of the property. • cleaning, both indoors and outdoors. • any other tasks, assessments, works or health, safety and environmental functions that impact on their school.
29	8	<p>Governing Bodies which do not choose to buy back into the complete central service for landlord repairs and maintenance, will have direct health and safety responsibility for most aspects of the maintenance of school buildings, other than works of a capital nature. Governors will therefore be required to demonstrate that they have budgeted adequately for repairs and maintenance in order to ensure that they are in a position to carry out any reasonable maintenance required for health and safety reasons. Schools are, therefore, requested to produce an annual plan for repairs and maintenance expenditure which will enable officers to monitor whether health and safety work has been allowed for and to allow health and safety monitoring where necessary of major works undertaken by the school. This plan should be submitted to the Capita Property Services Liaison Manager by 31st March each year.</p>	<p>Governing Bodies have direct health and safety responsibility for the repairs and maintenance, including term servicing of school premises, other than works of a capital nature. Governors will therefore be required to demonstrate that they have budgeted adequately for repairs and maintenance in order to ensure that they are in a position to carry out any reasonable maintenance required for health and safety reasons. Schools are, therefore, required to produce an annual plan for repairs and maintenance expenditure which will enable officers to monitor whether health and safety work has been allowed for and to allow health and safety monitoring where necessary of major works undertaken by the school. This plan should be submitted to the Capita Property Services Liaison Manager by 31st March each year.</p>

29	8	The Council has a direct Health and Safety responsibility for some elements of the maintenance of school buildings as outlined in the Service Level Agreement for Repairs and Maintenance . However if any item within the City Council's responsibility presents an obvious hazard to a member of staff, pupil, visitor or other third party this must be reported to the Council for action immediately, after taking any possible temporary measures to make the situation safe (any such reasonable costs will be reimbursed by the City Council).	The Council has a direct Health and Safety responsibility for some elements of the maintenance of school buildings as outlined in section 7 of this document . However if any item within the City Council's responsibility presents an obvious hazard to a member of staff, pupil, visitor or other third party this must be reported to the Council's Corporate Health and Safety Service for action immediately, after taking any possible temporary measures to make the situation safe (any such reasonable costs will be reimbursed by the City Council).
29	8	Where a governing body fails to comply with the Council's Health and Safety policies, the Council will take the necessary action and reserves the right to charge the cost to the school's budget.	Where a governing body or headteacher fails to discharge their obligations or duties as required by health, safety and environmental legislation or fails to comply with the Council's Policies, Arrangements and SWP's the Council will take the necessary action and reserves the right to charge the cost to the school's budget.
30	9.1.1	The SSAF Act gives governors legal protection, both individually and collectively, from any personal liability for their decisions and actions undertaken in good faith. It also exempts governors from liability for negligent action directly attributable to the spending of the schools' delegated budget, for example if a faulty piece of equipment were purchased resulting in personal injury. The Act does not cover any negligence by the governing body in the exercise of powers when not directly attributable to the spending of the school's delegated budget.	The SSAF Act gives governors legal protection, both individually and collectively, from any personal liability for their decisions and actions undertaken in good faith. It also exempts governors from liability for negligent action directly attributable to the spending of the schools' delegated budget, for example if a faulty piece of equipment were purchased resulting in personal injury. The Act does not cover any negligence by the governing body in the exercise of powers when not directly attributable to the spending of the school's delegated budget i.e. Health and Safety at Work etc Act 1974 section 37 .

SOUTHAMPTON CITY COUNCIL SCHEME FOR FINANCING SCHOOLS

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1. Introduction

1.1 Background to the Scheme

- 1.1.1 This document sets out Southampton City Council's Scheme for Financing Schools. It explains the powers and responsibilities of governors and the LEA under delegated management together with the financial controls within which a delegated budget can be operated.
- 1.1.2 The scheme will apply to all schools maintained by Southampton City Council, including community, nursery, voluntary, foundation (including trust), community special and foundation special schools. Special units attached to maintained mainstream schools and nursery units attached to maintained primary schools are also covered by the scheme. The City Council will now apply the provisions of the scheme to pupil referral units
- 1.1.3 A copy of the scheme is available on the Southampton City Council's internet and Children's Service and Learning Finance intranet sites.
- 1.1.4 Schools will be consulted on any amendments to the scheme which are proposed in the future before submission to the Schools Forum for approval.
- 1.1.5 The Forum may approve / refuse the Local Authority proposals to revise the Scheme or approve the proposals subject to modifications. Where the Forum approves any revisions to the scheme, they can specify the date upon which any revised scheme is to come into force. If any proposals are refused or the modifications are unacceptable to the Local Authority, the Authority may apply to the Secretary of State for approval of the proposals.

1.2 Summary of Funding Framework

- 1.2.1 The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998 (as amended).
- 1.2.2 Under this legislation, local education authorities determine for themselves the size of their Schools Budget and the Local Authority budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the Local Authority budget must be retained centrally (although earmarked allocations may be made to schools).

- 1.2.3 The City Council may retain an unallocated reserve within the ISB but must otherwise distribute the ISB amongst its 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 s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the City Council in accordance with s.48 of the Act and approved by the Schools Forum. All revisions to the scheme must also be approved by the Schools Forum.
- 1.2.4 Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50. 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. This allows schools to spend their budgets on pupils who are on the roll of other maintained schools.
- 1.2.5 The City Council may suspend a school's right to a delegated budget if the provisions of the Scheme for Financing Schools (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.
- 1.2.6 The City Council is obliged to publish each year a statement setting out details of its planned Schools Budget and the Local Authority Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the City Council must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.2.7 The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.
- 1.2.8 Regulations also require the City Council 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.

1.3 Key Principles for Delegated Management

- 1.3.1 The City Council's educational purpose is to secure the highest quality of learning for all. It wishes to promote a partnership which enables its self-managing schools to work within a climate of freedom and confidence.
- 1.3.2 Governors and headteachers should have maximum freedom to determine spending priorities, including related decisions on the appointment of staff and the use of premises.
- 1.3.3 Those involved in the management of schools should receive appropriate training and support.
- 1.3.4 In the provision of services to schools, the Council will seek the best match between the needs of pupils, the wishes of schools and its own statutory responsibilities. Support services should be matched to the needs of each type of school.
- 1.3.5 The City Council will consult all schools before any variations to the scheme are submitted to the Schools Forum for approval.
- 1.3.6 Resources will be allocated to governing bodies on a basis which reflects objective needs, is simple, is as schools would wish, and is consistent with the City Council's duty to provide and keep under review a sufficient level of resources.
- 1.3.7 Governing bodies should have the ability to plan future spending to meet longer term needs and objectives. They will, therefore, be able to carry forward unspent balances and receive interest at a rate determined by the Head of Finance
- 1.3.8 The character of each special school, and thus its resource levels, will be determined by the City Council. Each school is resourced to meet a described range of needs. It is the responsibility of the City Council to ensure that children with special educational needs are placed in the school which best suits their needs (and in the case of pupils with statements of special educational need, in accordance with that statement). It is the responsibility of the governors to ensure that resources are deployed in a way which meets the individual requirements and entitlements of each pupil.

2. The Role of School Governing Bodies under Delegated Management

2.1 General

2.1.1 Under the School Standards and Framework Act 1998 (as amended) (the SSAF Act), governing bodies have the right to receive a delegated budget which covers all areas of expenditure which fall within the area of responsibility of schools. They have the freedom to manage resources delegated to them, including staff and to spend the schools budget for the general purposes of the school. A number of duties and responsibilities are placed on governing bodies with delegated budgets, however, in order to ensure that they make good use of local authority resources, achieve value for money and play an appropriate part in raising standards of education.

2.1.2 The following sections of the scheme set out in detail the governors' powers and responsibilities with regard to:

Special educational needs	Section 4
Financial administration	Section 5
Personnel management	Section 6
Repairs and maintenance	Section 7
Health and safety	Section 8
Insurance	Section 9
Community use of schools	Section 10

2.1.3 Governing bodies should consider the extent to which they wish to delegate their financial powers under this scheme to the headteacher. Their decisions on this matter (and any subsequent amendments) should be recorded in the minutes of the governing body.

2.1.4 Governing bodies have the power under the SSAF Act to make payments to individual governors from the school's delegated budget for expenses incurred on journeys or governing body business. No allowances may be paid to governors except those specified under the Act. In addition, schools may not pay expenses which duplicate those paid directly by the Secretary of State to additional governors appointed by him under special measures.

2.2 Removal of Delegation

2.2.1 Clear evidence of mismanagement, such as increasing over-spending with no clear plan to remedy the situation, or where there is a persistent failure to meet the requirements of the scheme, e.g. in relation to the education of pupils with special needs, would lead to the City Council considering whether powers of local management should be removed from a governing body or modified. We expect such cases to be very rare indeed.

2.3 Notice of Concern

- 2.3.1 The City Council may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Children's Services and Learning, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.
- 2.3.2 Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:
- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
 - insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
 - placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the City Council;
 - insisting on regular financial monitoring meetings at the school attended by local authority officers;
 - requiring a governing body to buy into the City Council'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.
- 2.3.3 The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the City Council may take where the governing body does not comply with the notice.

3. The Role of the City Council under Delegated Management

3.1 Formula Funding

- 3.1.1 The Local Education Authority (Southampton City Council) is responsible for maintaining the schools covered by this scheme. This includes the duty of providing for all the expenses of maintaining them (except in the case of voluntary aided schools where some of the expenses must be met by the governing body).
- 3.1.2 The City Council may also delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.
- 3.1.3 Part of the way in which the City Council maintains schools is through the funding system set out in the regulations made under section 45 to 53 of the SSAF Act. The formula used for calculating delegated budgets for Southampton schools in accordance with these regulations is shown in detail in the Budget Share Guidance document. The formula is also summarised in part 4 of the Section 52 Budget statement. Both of these documents are available on the Children's Services and Learning Finance intranet site.

3.2 Services from Centrally Held Budgets

- 3.2.1 The City Council also holds central budgets which can be used to provide support to schools including, in certain circumstances, payments to schools in addition to their budget share. The main areas to be funded from central budgets are set out in sub-sections 3.3 to 3.7 below.
- 3.2.2 The City Council will decide, in consultation with Headteachers and Governors where appropriate, on what basis services from central services to schools. However, there will be no discrimination between categories of schools in provision of these services unless:
- funding has been delegated to some schools only
 - discrimination is justified by a difference in statutory duties of schools or of the City Council in respect of different categories of schools (e.g. voluntary aided schools).
- 3.2.3 The City Council may make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used.

3.3 Strategic Management

- 3.3.1 Policy development and strategic management of the education service will be provided by staff within Children's Services and Learning in consultation with Head-teachers and Governors. Support to schools under this heading will also include the following:

Southampton City Council Scheme for Financing Schools

- advice to governors on staffing matters including head-teacher appointments and provision of other information to governors e.g. through the Southampton governors' Association and news letters
 - health and safety monitoring
 - supply cover for maternity leave, trade union and public duties
- payment of premature retirement and redundancy costs where appropriate within the City Council's policy on this area which is set out in the schools' Manual of Personnel Practice.

3.4 Access to Education

3.4.1 Children's Services and Learning staff are also responsible for ensuring that sufficient school places and other necessary educational facilities are available and that all eligible children in the city have access to them. Services provided under this heading include:

- Central administration of admissions, exclusions and appeals
- Home to school transport
- The educational welfare service
- Pupil support grants (e.g. for clothing)
- Environmental education facilities.

3.5 Special Educational Needs

3.5.1 Although much of the funding for special educational needs is delegated to schools, the City Council also provides the following services centrally:

- the educational psychology service
- administration of statements of special educational needs
- top up funding for children in mainstream schools with low incidence statements or other exceptional needs (e.g. specialised equipment)
- top up funding for children in special schools with exceptionally severe or complex special needs
- provision for education otherwise than at school including pupil referral units, group tuition and hospital education.

3.6 School Improvement

3.6.1 The City Council believes that standards are best secured through the process of school self-review in relation to the objectives identified in its School Improvement Plans and monitored against agreed performance indicators.

3.6.2 City Council Officers will categorise schools using relevant available data. Where necessary, categorisation will lead to discussions in relation to pupil progress,

attainment and efficient use of resources. Information will be drawn from Ofsted reports, Raiseonline, performance tables and school level expenditure.

- 3.6.3 Schools will buy in a range of visits to review quality of provision, in the context of its development plan. Alternatively, officers will investigate how the school intends to improve its outcomes if there are issues of concern from the local authority categorisation.
- 3.6.4 Subsequent to any visit in relation to significant concerns, the local authority will write a letter identifying the issues to the Headteacher and Chair of Governors. Any further action will be based on the DFE guidance on schools causing concern intervention protocols.

3.7 Expenditure Supported by Specific Grant

- 3.7.1 Children's Services and Learning staff are also responsible for managing and administering specific grants for education allocated to the City Council by central government.
- 3.7.2 Grants will be devolved to schools wherever possible in accordance with the objectives and regulations relating to each grant. Advice will be given to schools on the appropriate use and accounting arrangements for devolved grants. Some grants will also be held and managed centrally to support the agreed objectives of the School Improvement Plan.
- 3.7.3 No deduction will be made, in respect of interest costs to the LEA, from payments to schools of devolved specific or special grant.

3.8 Services Bought Back from the City Council from Schools Delegated Budgets

- 3.8.1 The following services are provided by the City Council which may be purchased by schools from their delegated budgets:
- Finance Support
 - Creditors, debt recovery and banking
 - Financial Systems and support
 - Customer Care & Complaints
 - IT Services and Support
 - School Improvement Service
 - Information Services
 - Insurance
 - Corporate Health and Safety Service
 - Term Servicing
 - The school library service
 - Legal advice
 - School Meals

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- Ground maintenance management
 - Positive Activities for Southampton Students
 - Prevention and Inclusion Services
- 3.8.2 These services are offered to schools at prices intended to generate income which is no less than the cost of providing the services. The total cost of the service will be met by the total income, even though different types of school may be charged on different bases.
- 3.8.3 Initial agreements between the City Council and schools for purchase of any services from delegated budgets shall cover a period of no more than five years except in the case of catering services, where the maximum period may be extended to seven years, subject to consultation with schools. Where an agreement lasts longer than three years, the terms of the agreement must be reviewed after a minimum of three years.
- 3.8.4 Services offered on a buy back basis will not be packaged in such a way that unreasonably restricts schools' freedom of choice among the services available.
- 3.8.5 Service level agreements (SLAs) for the provision of services to schools must be in place by 31 March to be effective for the following financial year. Schools will have at least a month to consider the terms of the agreements prior to their taking effect.
- 3.8.6 Services covered by SLAs may also be provided to schools on an ad hoc basis if they do not sign up for the full agreement. However, services provided on an ad hoc basis may be subject to different bases of charging and arrangements for service delivery from the same services when provided under an SLA

3.9 Training

- 3.9.1 The City Council is committed to the provision and monitoring of quality training in delegated management for school governors, headteachers, teachers and support staff. Such training can be provided by the City Council or bought in from other bodies.
- 3.9.2 Training for governors, teachers and support staff can be purchased by schools from their delegated budgets

4. Pupils with Special Educational Needs

- 4.1.1 The SSAF Act 1998 confirms the principle of educating pupils with special needs in ordinary schools whenever possible. Under this Act, and the SEN Code of Practice, Governors have a particular duty to use their best endeavours to ensure that children's special educational needs are identified, assessed and met. All schools may have some pupils with statements including those placed in special units. Governors have a particular duty to ensure that resources are allocated in such a way that the educational provision specified in each child's statement is met.

5. Financial Administration

5.1 The Role of the Chief Financial Officer

- 5.1.1 The Chief Financial Officer of the City Council has a statutory duty to Council Tax payers to report on all expenditure including that of schools. Governing bodies when managing their school budget share will therefore have to comply with standards set by the Chief Financial Officer to ensure proper stewardship and accounting.
- 5.1.2 Governing bodies must permit the Chief Finance Officer, or their representative, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

5.2 Financial Regulations and Other Financial Controls

- 5.2.1 To assist governing bodies the City Council's Financial Regulations and Contract Standing Orders, have been reviewed to take account of the local management in schools and copies have been provided to each school (within the schools' Finance Manual). Schools must follow these regulations to the extent that they are compatible with the provisions of this scheme. Schools will also be required to follow the general accounting policies of the City Council including the year end accounting procedures, as set out in the schools Finance Manual.
- 5.2.2 In particular, schools will be required to maintain an inventory of their moveable, non-capital assets. Guidance on the format of school inventories can be found in Chapter 20 of the Schools Finance Manual. We recommend that schools should use this format for all assets, but schools must follow this format in respect of assets with a value of £200 or over. Schools should also follow the guidance given in the same chapter on the disposal of assets.
- 5.2.3 Governing bodies are also be required to keep a register of business interests for each member of the governing body, the Headteacher and members of their immediate families. This register should be made available for inspection by governors, parents, staff of the school or other City Council staff and the general public.
- 5.2.4 If any other employee of a school has other paid employment or outside interests where there is a potential conflict of interest, they should inform the Headteacher and record the interest appropriately. This includes the recording of gifts and hospitality in a register as required in the Council's Policy on Gifts and Hospitality.
- 5.2.5 If any member of staff or governor of a school becomes concerned about poor financial management or financial impropriety in a school, they should immediately inform the Head of Education and Commissioning who will decide in consultation with the Head of Finance what form of investigation should be undertaken. Wherever possible the Head Teacher and Chair of Governors will be immediately informed of any such allegation and kept informed of the progress of any investigation.

- 5.2.6 If the Head of Finance believes that reasonable grounds exist for suspecting a loss may have occurred as a result of misappropriation, irregular expenditure or fraud, he must, in consultation with the Head of Legal Services and the Head of Education and Commissioning, refer the matter to the Police.
- 5.2.7 If the Head of Finance on investigation, believes that a loss may have occurred as a result of poor financial management, he will consult the Head of Education and Commissioning and/or the Governing Body, as appropriate, as to the appropriate disciplinary action.

5.3 Audit Arrangements

- 5.3.1 All schools maintained by the City Council will be subject to the City Council's internal and external audit regimes. All funding for audit will therefore be retained centrally under the heading of Strategic Management. Schools may, however, if they wish use funds from their budget share to obtain external audit certification of their accounts. Both the school and the City Council must make available to both internal and external auditors any relevant information required by them in the course of audit inspections.
- 5.3.2 Governing bodies must provide annual audit certificates in respect of any unofficial funds under their control. Guidance on the level of audit required for different types of funds and the format of certificates is given in the Schools Finance Manual. Certificates should be submitted to Children's Services and Learning Finance by 31 October each financial year.

5.4 Banking Arrangements

- 5.4.1 The Head of Finance under the general direction of the Cabinet Member for Resources is required to oversee all banking arrangements for City Council establishments, including schools with delegated management. As part of this responsibility all schools are given local bank accounts for modest purchases.
- 5.4.2 All schools, except for those which are operating with a budget deficit, may choose to have a bank account in their own name into which their budget share will be paid. The account must be held with a bank or building society approved by the Head of Finance and consistent with the Authority's Treasury Management Policy. Alternatively schools may keep their delegated budgets and any invested balances in the City Council's main bank account. Schools whose budgets are in deficit will only be able to open their own bank account once the deficit is cleared. Schools with their own bank accounts must not go overdrawn, as the regulations do not permit schools to borrow, other than via the LEA loans scheme (see paragraphs 5.10).
- 5.4.3 The mandate for any official account held by a school must state that Southampton City Council is the owner of the funds and that the City Council can take control of the account in the event that the school's right to a delegated budget is suspended. In such a case the City Council will have the power to determine the signatories to the account. These may include appropriate City Council officers.

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- 5.4.4 Schools which invest their carried forward balances with the City Council will receive interest on any funds which they designate as investments. The rates of interest payable are as follows:

All school balances up to £15,000 or 3% of annual budget	Bank base rate minus 0.5% (minimum 0%)
All school balances in excess of £15,000 or 3% of annual budget	0.1%

- 5.4.5 Schools will be free to retain any interest earned from their bank account. Schools may only open a bank account at the start of a financial year and notice should be given of their intention to do so by 31 December of the preceding financial year to the Children's Services and Learning Finance Manager.
- 5.4.6 If a school opens an external bank account, the City Council will, if the school desires, transfer immediately to the account an amount agreed by both the school and the City Council as the estimated surplus balance held by the City Council in respect of the school's budget share. There may, however, be a subsequent adjustment to that amount when the accounts for the relevant financial year are closed.
- 5.4.7 Schools with bank accounts, which make their own arrangements for payment of salaries and wages, will have the whole of their budget share paid into their bank account. Where the full amount of the budget share is to be paid into a local bank account, schools will receive 12 equal monthly instalments, to be paid in advance on the first day of each month.
- 5.4.8 It will normally be the case that schools with bank accounts, which continue to use the City Council's payroll system will receive their budget share net of estimate expenditure on salaries and wages. These schools will also receive 12 monthly instalments in advance, but an amount will be deducted from each monthly instalment in respect of estimated profiled expenditure on salaries and wages as provided by the school to the City Council. These amounts should reflect the overall budget for salaries and wages, which has been approved by the governing body, and any subsequently approved revisions to that budget.
- 5.4.9 If a budget share instalment is paid late to a school as a result of City Council error, interest will be paid on the instalment for the number of days by which the payment is late, based on the Bank of England base rate.
- 5.4.10 Schools whose budget shares are banked with the City Council will have the ability to draw on the full amount of their budget share from 1 April each year.

5.5 Financial Systems

- 5.5.1 All schools can have on line access to the City Council's accounting and financial management system, Agresso, to help them manage their financial affairs. Access to this system is via a personal computer located at the school which is linked to the City Council's central computer. A summary of the functions provided are:

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- Comprehensive on-line management information for budgetary preparation and control.
 - recording of all income and expenditure.
 - On-line ordering, recording of goods received, authorising payments to suppliers including Hampshire County Council supplies
 - Links to the City Council's payroll system to enable schools to obtain detailed information on pay expenditure
 - electronic mail facility for communication and transfer of appropriate documents.
 - Weekly reports which identify all charges made against the school's budget and give schools the ability to agree or challenge central recharges against their budgets.
- 5.5.2 Staff in Children's Services and Learning will also have on-line access to individual schools' budgetary and accounting information via Agresso. This will enable them to provide immediate systems support by telephone and also to carry out necessary monitoring of schools' expenditure without requiring schools to submit additional reports. All data will only be accessible by authorised users of the system and will be treated as confidential.
- 5.5.3 A separate but related piece of software, The School Budgeting System, is also available to provide help for a delegated school in preparing its budget to compare with its cash limit. This software includes various modelling and "what if" type facilities so that a number of alternative budget strategies can be examined at a local level. It enables the school to revise its budget at appropriate times during the year.
- 5.5.4 Schools may choose to use alternative financial management systems. However, such schools will be subject to additional audit checks to ensure the integrity of their systems. Additional requirements will also be imposed on these schools in respect of budget monitoring information and accounting for Value Added Tax (see paragraphs 5.6.5 and 5.15.2 below).

5.6 Budgeting

- 5.6.1 In order to adopt good financial practice schools should prepare annual budgets and ensure that they are regularly reviewed. The first formal budget plan of the year must be approved by the full governing body. The Head of Finance requires access on a regular basis to information about income and expenditure against budget for schools. This is to enable him to fulfil his responsibilities under Section 151 of the Local Government Act 1972; to ensure that the necessary financial standards are being met and to make an informed response to questions raised in relation to schools.
- 5.6.2 Governing bodies should, therefore, ensure that in each financial year the City Council has access to their latest approved budget plan. They should also make available on request, information about the assumptions underlying their budget plan e.g. the estimated level of balances brought forward from the previous financial year; rationale for estimating levels of income. This will normally be achieved by including accurate and up to date budget plans on the Agresso

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financial system. Schools which do not use Agresso must submit to the Head of Education and Commissioning a copy of their approved budget plan and any subsequent approved revisions to the budget. All schools must make available their initial approved budget plan by 31 May each financial year.

- 5.6.3 Schools are also required to make available to the City Council a copy of any revised budget which has been approved by the governing body. Revised budgets must be made available to the City Council by 31st October at the latest, unless the Governing Body has decided not to revise the original budget, in which case the Support to Schools Accountant should be informed.
- 5.6.4 The City Council may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.
- 5.6.5 Schools which do not use Agresso must also submit quarterly reports of income and expenditure against budget to Children's Services and Learning Finance. The format for budget plans and budget monitoring reports for these schools will be agreed between the Headteacher and the Children's Services and Learning Finance Manager, but should take account of the Consistent Financial Reporting framework.
- 5.6.6 Governors are free to set a budget which involves the use of some or all of their accumulated balances in addition to their annual budget allocation. In setting their initial budget plan schools must take account of the estimated level of balances brought forward from the previous financial year. (This may also apply to any subsequent budget revisions which are agreed before the final level of balances brought forward is issued). Where a school plans to use balances to finance on going expenditure such as staffing costs, the Headteacher should discuss with the Support to Schools Accountant how it is planned to bring expenditure in line with the annual budget allocation in the future if the school's balances are used up.
- 5.6.7 Governors also have the freedom to vire funds within their delegated budgets.
- 5.6.8 The LA will provide schools with a statement of their final balance brought forward together with a summary of income and expenditure for the previous financial year by 1 September each year. All other income and expenditure data will be available to each school through the City Council's or the school's own financial system.

5.7 Best Value

- 5.7.1 Best Value is a statutory requirement for Local Authorities but not for individual schools or their Governing Bodies. However given the very high proportion of local authority spending that flows through delegated budgets, schools should demonstrate that they are following the principles of Best Value in their expenditure.

5.8 School Balances

- 5.8.1 Schools will carry forward any overspending or underspending from one year to the next. Any surplus balances can be invested, if schools wish, with the City Council with interest being paid at a rate determined by the Head of Finance.

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- 5.8.2 When a school closes, any balances held will revert to the City Council. However, the funding formula will allow additional payments to be made to new schools to reflect the balances held by preceding schools (where appropriate).
- 5.8.3 Where a school converts to academy status under section 4(1)(a) of the Academies Act 2010, the balance will transfer to the academy.
- 5.8.4 The City Council recognises that schools may wish to carry forward a small contingency balance to allow for future variations in funding or unforeseen expenditure requirements. However, the City Council is committed to keeping the level of school balances to a minimum, in order to ensure that available resources are effectively targeted at the needs of pupils currently in Southampton schools.
- 5.8.5 Surplus balances held by schools as permitted under this scheme are subject to the following restrictions:
- The City Council may 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;
 - The City Council may deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance.
 - The City Council may then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the City Council. In considering whether any sums are properly assigned the City Council 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.
 - If the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the City Council may deduct from the current year's budget share an amount equal to the excess.
- 5.8.6 Funds deriving from sources other than the City Council 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.
- 5.8.7 Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the City Council.
- 5.8.8 The total of any amounts deducted from schools' budget shares by the City Council under this provision are to be applied to the Schools Budget of the Authority.

5.9 Deficit Budgets

- 5.9.1 Governors should not normally set a budget which exceeds the amount of their annual budget allocation plus any accumulated balances held. It may occasionally be necessary to do this, so bringing the school's budget into deficit. This action might, for example, be appropriate if a school faced with a budget reduction plans to make a saving which, in a full academic year would be sufficient to bring expenditure in line with the budget, but which can only be partly achieved in the first financial year. In these circumstances the Chair of Governors should submit a written action plan for approval by the Deputy Director, Children's Services & Learning, showing how expenditure will be brought back into line with resources and the deficit repaid. This should normally be achieved by the end of the financial year following the one in which the deficit is incurred.
- 5.9.2 The following conditions will apply to deficit budget agreements:
- where, in exceptional circumstances, an extended period is agreed for the repayment of a deficit, the period for repayment will not exceed five years
 - the maximum value of a planned and approved budget deficit will not exceed £150,000.
 - the total deficits of all schools with deficit budgets in any one financial year will not exceed 40% of the total school balances held by the City Council.
- 5.9.3 If, during the course of the year, a school seems likely to overspend against its approved budget by an amount which exceeds the level of balances held, the Headteacher should immediately inform their finance support officer in Children's Services and Learning Finance. The Chair of Governors should also submit a written action plan as described in paragraph 5.9.1 for approval by the Deputy Director, Children's Services & Learning. The Deputy Director, Children's Services & Learning will also discuss any planned or unplanned schools' deficits with the Executive Director of Children's Services and Learning and the Cabinet Member for Children's Services and Learning.
- 5.9.4 The regulations do not permit the City Council to write off the deficit balance of any school.
- 5.9.5 These procedures are intended as an important management discipline to support schools in managing their own affairs. The provision for schools in exceptional circumstances to set deficit budgets should also reduce the need for schools to hold large balances as a safeguard against future budget reductions or unforeseen expenditure.

5.10 Loans from School Balances

- 5.10.1 In order to enable school balances to be used as far as possible, to support the education of children currently in Southampton schools, schools may also borrow amounts of up to £200,000 from the pool of school balances to fund certain types of project. Projects to be supported may include:
- major maintenance or improvements to school properties
 - investment projects which will produce a future revenue saving e.g. schemes to improve energy efficiency

- projects to improve school security
 - major purchases of equipment
- 5.10.2 The project must also make a contribution to raising educational standards as part of a school development plan. Loans will be repayable over two to five years and will be subject to the terms and conditions set out in the School Loans Scheme, which is set out in detail in Annex A of this document.
- 5.10.3 The scheme will be open to all schools, including those with their own bank accounts, but balances held by schools with bank accounts will not be included in the amount available for loans.
- 5.10.4 Schools will not be permitted to borrow other than through the City Council's scheme for loans from school balances except with the written permission of the Secretary of State, or where borrowing is undertaken by trustees or foundations and the debt is not serviced directly from a school's delegated budget.
- 5.10.5 Schools may not use credit cards as these are a form of borrowing. However schools are encouraged to use procurement cards as these are a useful means of facilitating electronic purchase.

5.11 Purchasing and Contracts

- 5.11.1 Schools have the freedom to choose their suppliers of goods and services. If the governing body of a school with a delegated budget enters into a contract, in most cases it does so on behalf of the City Council. In certain circumstances, contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations - for example, contracts made by aided schools for the employment of staff. The governors of a school will not incur any personal financial liability in respect of any contract they enter into in good faith while exercising their delegated powers under local management.
- 5.11.2 Schools also have the right to opt out of contracts arranged centrally by the City Council for services for which funds have been delegated to schools except where schools specifically agree to be covered for a set period by central contracts for services.
- 5.11.3 In the above case the schools in question will not be able to opt out of the contract until the end of the period for which they have agreed to be covered by it.
- 5.11.4 However, in exercising their powers, governors must comply with the City Council's Financial Regulations and Contract Procedure Rules in order to ensure propriety and value for money in purchasing matters. These are shown in chapter one of the schools' finance manual. Schools should follow these procedures when contracting for goods and services. It is the intention of the City Council that, in following these procedures:
- Schools should not do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any EU procurement directive
 - Schools must ensure that any contract entered into with a supplier or provider contains a suitable indemnity in favour of both the City Council and the School requiring the contractor to indemnify the City Council and the School against any loss suffered as a result of a default on the part of the contractor or any sub-contractor.

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- Schools are not required to select suppliers from an approved list
 - Schools should obtain one written quote from a capable supplier for any supply, service or works up to the value of £9,999.
 - Schools should seek at least three written quotes for any contract with a value exceeding £10,000 up to £99,999 in any one year.
 - Any contract for supplies and services over £50,000 must be advertised at the start of the procurement process.
 - For any contract over £100,000 a formal tender process must be followed. This process must be managed by the Head of Procurement.
- 5.11.5 In all cases where governors make their own arrangements with private contractors for providing services, the City Council will draw their attention to health and safety and equal opportunity requirements (see also paragraph 8.1.7).
- 5.11.6 The City Council continues to make legal arrangements with Hampshire County Supplies for them to supply schools with stores, call off contracts and more general supply contracts. It is hoped that all schools will utilise this supplies service. The very advantageous prices which schools and other bodies enjoy as a result of the County Supplies' contracts are only obtainable when the volume of business is substantial and known at the beginning of the contract negotiations. If schools do not wish to continue with these arrangements, they will need a period of time to carry out their own negotiations with suppliers under the City Council's Contract Procedure Rules. Further information in respect of the City Council's corporate procurement service and processes can be obtained here: http://intranet.southampton.gov.uk/corporate-services/property_and_procurement/procurement/

5.12 Capital Expenditure

- 5.12.1 Where a school is financing expenditure using its capital budget, the school will be subject to the procedures set out in the City Council's Finance Procedure Rules.
- 5.12.2 Governors have the right to use money from within their revenue budget into capital spending. However, schools should inform the Assets and Capital Strategy Manager in Children's Services and Learning of any proposed capital scheme. This is necessary in order for him to assess the likely impact on the structure of the school buildings and on the provision of school places across the city. Children's Services and Learning Finance staff will also need to check the funding available for the scheme, and notify the Head of Finance so he may take account of it in the overall consideration of capital financing for the City Council.
- 5.12.3 Proposals for the use of devolved formula capital will be discussed at the annual AMP meeting and contributions to Authority planned works agreed where appropriate. Landlord's consent must be obtained for any scheme that involves alterations or extensions to the buildings or site. A Landlord's Consent form is available for this purpose from the Assets & Capital Strategy Manager. The Head of Property Services must be consulted on the procurement of schemes in excess of £100,000.
- 5.12.4 Trust schools are not required to obtain landlord's consent as the land and buildings are owned by the Trust. However as the City Council retains a residual liability in the land and buildings and trust schools are eligible for capital funding

allocated to the Authority for school premises, trust schools are required to notify and consult with the Authority on the servicing and maintenance of its assets and any scheme that involves alterations or extensions to the buildings or site.

- 5.12.5 Any increases in the floor area of a school which arise from the completion of capital schemes funded by the school will only be reflected in the funding formula if the scheme has been approved by the Executive Director of Children's Services and Learning.

5.13 Income and Charges

- 5.13.1 Schools may retain income from fees and charges for any service which is provided using funds which have been delegated to the school, provided those charges are made in accordance with the City Council's policies on charging for school activities and use of school premises (see also section 10 on the use of school premises for community purposes).
- 5.13.2 Schools may also retain any income raised through fund raising activities.
- 5.13.3 Income from the sale of assets may also be retained by the school, except where the asset concerned was purchased through non-delegated funds or the asset concerned is land and buildings forming part of the school premises and is owned by the LEA. Where an asset (other than land and buildings) purchased from non delegated funds is disposed of, the Head of Education and Commissioning will decide in each case whether the school should retain the proceeds.

5.14 Taxation

- 5.14.1 For schools which make and account for payments via Agresso, any VAT on income and expenditure will be charged/credited directly to the City Council's VAT account and will not go through the school's account. Procedures for accounting for VAT via Agresso are given in the schools' Finance Manual.
- 5.14.2 Schools with their own bank accounts, which do not use Agresso, will be required to pay VAT on expenditure where necessary. In order to reimburse these schools for any VAT incurred, an advance will be paid to them each month, in addition to their budget share instalment, relating to their estimated expenditure on VAT for the coming month. At the end of each month a VAT claim must be submitted to the City Council giving details of the actual amount of VAT paid. Any difference between the actual amount of VAT and the advance paid will be added to or deducted from the next month's VAT advance. More detailed guidance on the treatment of VAT will be issued to those schools which do not use Agresso by Children's Services and Learning Finance.
- 5.14.3 Schools with a delegated budget are treated as exempt from the Construction Industry Tax Deduction Scheme where the contract is between the school/governing body and the subcontractor. Schools with their own bank accounts are responsible for ensuring that CIS rules are followed correctly.

5.15 Charges against the School's Budget Share

5.15.1 Charges will not be made against the schools budget share without the express agreement of the governing body except where specifically allowed for in this scheme. Provisions for charging schools budgets are made in the sections on health and safety (paragraph 8.1.8) and insurance (paragraph 9.2.10). Schools budgets may also be charged in the following circumstances:

- For the salaries of staff employed at the school at their actual cost
- Where premature retirement costs have been incurred without the prior written agreement of the City Council to bear such costs
- Other expenditure incurred by schools to secure resignation where the school has not followed City Council advice
- Awards by courts and industrial tribunals or out of court settlements against the City Council arising from action or inaction by the governing body contrary to the City Council's advice
- Where a disputes procedure set out in a service level agreement establishes that monies are owed by the school to the City Council
- Expenditure incurred by the City Council in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the City Council or the school has voluntary controlled status
- Recovery of moneys due from a school for services provided to the school, where a dispute over the moneys 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 City Council
- Recovery of penalties imposed on the City Council, by the Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence
- Correction of City Council errors in calculating charges to a budget share
- Additional transport costs incurred by the City Council arising from decisions by the governing body e.g. on the length of the school day, or failure to notify the City Council of non-pupil days resulting in unnecessary transport costs
- Legal costs which are incurred by the City Council because the governing body did not accept the advice of the City Council
- Costs of necessary health and safety training for school staff where funding for training has been delegated but the necessary training has not been carried out
- Compensation paid to a lender where a school takes out a loan beyond its legal powers.
- Cost of work done in respect of teacher pension remittance and records for schools using non-LEA payroll contractors where the charge will be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations

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- Costs incurred by the LEA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement
- Costs incurred by the LEA due to submission by the school of incorrect data
- Recovery of amounts spent from specific grants on ineligible purposes
- Costs incurred by the LEA as a result of the governing body being in breach of the terms of a contract.
- Expenses incurred by the City Council in undertaking or putting into place any remedial action necessary to protect the Council from liability arising as a result of any action or inaction or any failure on the part of the school or Governing Body or any other default whatsoever or howsoever arising on the part of a school, the Governing Body or a contractor engaged to provide services to a school by the school or on it's behalf (including the failure to adequately monitor services provided to the school which give rise to such liabilities).
- Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

5.15.2 Schools will be consulted prior to any such charge being made against their budget share. Schools will also be informed when a charge has been made. The exception to this will be in respect of charging schools for actual salary costs of staff employed by the school, as this will be a regular monthly payment and there should be no need to specifically consult or inform schools about it.

5.16 Delegation to New Schools

5.16.1 Where a new school has yet to receive a delegated budget, the City Council may selectively delegate amounts to the governing body which are necessary for them to carry out their duties. This may include funds to meet governors' expenses where appropriate.

6. Personnel

6.1 Employment responsibilities

- 6.1.1 All staff (other than those in voluntary aided, trust or foundation schools) are formally employees of the City Council. However, the SSAF Act places the power for determining most personnel/HR and staffing matters firmly with the governing bodies of schools with delegated budgets. The power ranges from decisions on staff numbers to appointments, dismissals, establishment and operation of disciplinary and grievance procedures.
- 6.1.2 To assist governors and headteachers in exercising the employment responsibilities conferred upon them by the Act, the City Council has produced a Manual of Personnel Practice for schools. If the model processes suggested within the manual are followed, then individual or collective difficulties will be less likely to arise.
- 6.1.3 Professional associations and trade unions were consulted on the contents of the manual and it is endorsed by them. The manual has been written in a way which allows easy reference to any point of the employment process. However, it also underpins the importance of an ongoing, continuous approach towards the management of staff. The effective induction, training and development towards and appraisal of employees are emphasised as key areas in the employment of people.

6.2 Redundancy and Early Retirements

- 6.2.1 The LA has set out a policy for schools for carrying out redundancies and early retirements which was agreed by Employment and Appeal Panel (EAP) in 2009.
- 6.2.2 In brief, the Education Act 2002, states that when exercising discretions with regard to compensation and premature retirements on the grounds of redundancy or efficiency, the school Governing Body is the '**deciding authority**', whilst the Local Authority is the '**compensating authority**'. This means that the Council has to pay the costs arising from decisions made by the Governing Body.
- 6.2.3 Other relevant legislation is the School Staffing Regulations 2003 which give governing bodies the sole power to appoint and dismiss staff, although in the case of community and voluntary schools, whilst the local authority remains the employer, it has no power to refuse to dismiss an employee who the governing body has determined should no longer work at the school, unless it can redeploy him or her elsewhere in the authority. Each governing body has the power to determine who should be appointed or redeployed to any vacancy arising in its school. Trust and Foundation schools employees are not employed by the local authority but the local authority still has to pay severance for redundancy/early retirement.

6.2.4 The employer may make discretionary payments to both teachers and support staff. The policy for funding redundancy and premature retirement for teaching and support staff in schools states the following: Costs incurred by the local authority in respect of the dismissal on the grounds of redundancy, or for the purpose of securing resignation, of any member of school staff may only be recovered (in full or part) from the school's budget if the authority has good reason for doing so. SCC defines 'good reason' as including the following:

- Non compliance with the redeployment policy;
- Accepting voluntary redundancy rather than a cheaper compulsory redundancy (on the basis that the individual school would bear the difference in cost);
- Failure to implement the redundancy policy/procedural guidelines;
- Failure to adopt the redeployment process set out for all schools;
- Governing Bodies using redundancy to avoid addressing capability or conduct issues, which will need to be dealt with using the appropriate procedures;
- Schools should consider using their own balances, particularly where there are surpluses in budget, although the Local Authority accepts the Governing Body's role as the deciding authority and the Local Authority as the compensating body.
- If schools choose to re-employ staff following redundancy and/or early retirement, this must not be for a period of 3 years at the same school and a period of 2 terms at other Southampton maintained schools.

Further information and advice can be sought from HR or Organisational Development.

7. Property Management and Compliance

7.1 Roles and Responsibility

- 7.1.1 Schools premises are the responsibility of the individual schools to manage on a day to day basis, in accordance with the requirements of SCC's Safe Working Procedure Property Management and Compliance.
- 7.1.2 This Safe Working Procedure sets out the mandatory reporting requirements for Maintained Schools, Foundation Trust and Voluntary Aided Schools in order for those schools to meet the conditions attached to the receipt of delegated budgets as set out in this document.
- 7.1.3 Funds are delegated to schools to cover all repairs and maintenance, including term servicing of school buildings except for works which meet the City Council's usual definition of capital expenditure. While the following list is not definitive, the main areas of capital expenditure on school buildings which will not be delegated are as follows:
- new buildings, extensions or significant improvements as part of the City Council's capital programme
 - maintenance or improvement works supported by specific grants
 - large scale replacement, renewal or maintenance of the structure of a building e.g. foundations, structural walls, roof, chimney, floor and staircase structures
 - large scale window replacement (e.g. all windows in one face of a building)
 - large scale replacement or renewal of electrical, heating or other services
 - demolition, including site clearance and sealing off of drains and other services
 - large scale health and safety work e.g. asbestos removal, complete resurfacing of playgrounds
 - installation, replacement or structural maintenance of temporary buildings
 - significant measures to improve access to the building for people with disabilities e.g. installation of lifts or access ramps
 - significant measures to improve protection against fire e.g. installation of fire doors
- 7.1.4 For voluntary aided schools, the liability of the City Council 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 DCSF to categorise such work, not the *de minimis* limit used by the City Council.

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- 7.1.5 Schools may choose to purchase an SLA for Term Servicing provided by SCC through Capita Property Services. All repairs and maintenance needs and obligations must be met by schools utilising the funds delegated to them through budget shares and procured in accordance with Contract Procedure Rules.
- 7.1.6 Where schools carry out repairs, modifications or extension to buildings or their services the school must obtain a Landlords Consent to the proposed work from the City Council through Children's Services & Learning. This will require the submission of supporting documentation (for example, the proposed scope of works, contractors health, safety and environmental information (relevant to the service being tendered) to enable the Consent to be granted. Trust schools are not required to obtain landlord's consent as the land and buildings are owned by the Trust but must notify the City Council of the proposed works.
- 7.1.7 Where a governing body or head teacher fails to discharge their obligations or duties as required by health, safety and environmental legislation or fails to comply with the Council's Policies, Arrangements and SWP's the Council will, having given appropriate notice of intention to do so, take the necessary action to remedy any failure and reserves the right to charge the cost of all such remedial action to the school's budget.

8. Health and Safety

8.1 Roles and Responsibility

8.1.1 The City Council delegates to the governing bodies and headteachers (as the Responsible Person(s)) the duty, in expending the school's budget share, to take the necessary actions to comply with all health and safety legislation, Council policies, arrangements, SWPs and environmental legislation as pertinent to their schools. However it cannot delegate its corporate legal responsibility under the "Health and Safety at Work Act etc 1974" and Regulations made under it. It should also be remembered that staff at all levels have individual responsibilities under Health and Safety legislation.

8.1.2 Schools will operate within the Council's health and safety policies and arrangements including Safe Working Procedures but with the delegation of powers under this scheme, governing bodies and headteachers will need to take and demonstrate positive action to ensure that Health and Safety is adequately managed within the school premises and on school organised trips. This requirement comes from the School Standards and Frameworks Act 1998

Section 39.1 – (1) The governing body and head teacher of:

- a community or voluntary controlled school, or
- a community special school,

Shall comply with any direction given to them by the local education authority concerning the health or safety of persons on the school's premises or taking part in any school activities elsewhere.

8.1.3 Safety functions falling within the direct responsibility of governing bodies and head teachers will include (but is not limited to):

- formulating, disseminating and reviewing the school's health and safety policy statements in the context of City Council policy.
- ensuring that arrangements are in hand to effectively plan, organise, control, monitor and review preventative and protective measures and comply with any corporate monitoring or reporting arrangements notified to them by the City Council.
- buying and maintaining equipment (including fire fighting equipment).
- maintaining and repairing fixtures and fittings and other elements of the property.
- cleaning, both indoors and outdoors.
- any other tasks, assessments, works or health, safety and environmental functions that impact on their school.

8.1.4 In fulfilling their Health and Safety functions governing bodies and headteachers must by virtue of "The Management of Health and Safety at Work Regulations 1999", appoint a competent person(s) to assist in undertaking measures to comply

with Health and Safety legislation. The Council has a Corporate Health and Safety Service and guidance should be taken from them.

- 8.1.5 Governing Bodies have direct health and safety responsibility for the repairs and maintenance, including term servicing, of school premises, other than works of a capital nature. Governors will therefore be required to demonstrate that they have budgeted adequately for repairs and maintenance in order to ensure that they are in a position to carry out any reasonable maintenance required for health and safety reasons. Schools are, therefore, required to produce an annual plan for repairs and maintenance expenditure which will enable officers to monitor whether health and safety work has been allowed for and to allow health and safety monitoring where necessary of major works undertaken by the school. This plan should be submitted to the Capita Property Services Liaison Manager by 31st March each year.
- 8.1.6 The Council has a direct Health and Safety responsibility for some elements of the maintenance of school buildings as outlined in section 7 of this document. However if any item within the City Council's responsibility presents an obvious hazard to a member of staff, pupil, visitor or other third party this must be reported to the Council's Corporate Health and Safety Service for action immediately, after taking any possible temporary measures to make the situation safe (any such reasonable costs will be reimbursed by the City Council).
- 8.1.7 It should be ensured that when engaging contractors for goods and services that they conform to the appropriate Health, Safety and Environmental standards in the goods and/or services they provide, particularly where this may impinge upon the safety of staff, pupils or third parties on school premises. Particular attention is drawn to the potential direct legal liability for Health and Safety as a client under the "Construction (Design and Management) Regulations 2007" when engaging contractors on certain activities that are defined as construction work. (This can include the more extensive building maintenance activities). Appropriate competent advice must be sought.
- 8.1.8 Where a governing body or headteacher fails to discharge their obligations or duties as required by health, safety and environmental legislation or fails to comply with the Council's Policies, Arrangements and SWP's the Council will take the necessary action, having given appropriate notice in the circumstances of their intention to do so, to remedy any failure (including undertaking such physical repairs and maintenance works considered necessary) and reserves the right to charge the cost to the school's budget.

9. Governors' liability and insurance

9.1 Governors Liability

9.1.1 The SSAF Act gives governors legal protection, both individually and collectively, from any personal liability for their decisions and actions undertaken in good faith. It also exempts governors from liability for negligent action directly attributable to the spending of the schools' delegated budget, for example if a faulty piece of equipment were purchased resulting in personal injury. The Act does not cover any negligence by the governing body in the exercise of powers when not directly attributable to the spending of the school's delegated budget i.e. Health and Safety at Work etc Act 1974 section 37.

9.2 Responsibilities of Governors with Delegated Budgets for Insurance

9.2.1 Governing bodies may request delegated funds for insurance if they wish to make their own arrangements in respect of insuring the school buildings and contents, money, minibuses, school journeys and engineering and inspection. Funds for the insurance of those schools who do not request delegation of insurance will be held centrally and those schools will be included in the Council's risk management and insurance programme. Any School that wishes to withdraw from the Council's insurance arrangements is required to notify the Children's Services and Learning Finance Manager by 31st December each year.

9.2.2 Schools wishing to make their own arrangements for insurance are expected to put in place cover that is at least comparable to the cover provided under the council's risk management and insurance programme in order to avoid the risk of significant financial loss to the school (details of this are given in the Schools Finance Manual - chapter 21). In setting out the minimum requirements for cover to be put in place by those governing bodies who take on responsibility for insurance, the Council has taken into account the actual risks which might reasonably be expected to arise at any school.

9.2.3 Those schools who choose to arrange their own insurance for buildings and contents, money, minibuses, school journeys and engineering and inspection must ensure that cover is in place for the following:

- buildings up to the relevant insurance reinstatement value, and business interruption - additional expenditure cover with an indemnity period of not less than 36 months;
 - contents (including cash and computers) up to the relevant replacement value;
 - any vehicles operated by the school e.g. minibuses up to the relevant value;
 - school journeys if and when such activities are undertaken;
- engineering insurance and inspection relating to the required statutory inspection of plant and other equipment.

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- 9.2.4 Buildings and contents insurance in respect of aided Schools is normally a joint responsibility between the school's Governing Body and the Council.
- 9.2.5 The Diocesan Authority would normally either arrange insurance cover, or provide advice to the Governing Body on the type of insurance cover that it needs to arrange, in respect of its responsibilities for the buildings and contents. Typically an aided school will need to arrange separate insurance cover for:
- Damage to the School buildings from fire, lightning, explosion etc.
 - Loss or damage as a result of an act of terrorism.
 - Legal costs of an action brought against the school due to a fault in the premises.
 - Risks arising from events held on school premises and organised by the Church or private individuals.
- 9.2.6 All liability insurances remain non-delegated which means that the following cover is arranged in respect of sums that that the Council may become legally liable to pay as compensation:
- Employers Liability;
 - Public Liability;
 - Officials' Indemnity;
 - Libel and Slander;
 - Fidelity Guarantee.
- 9.2.7 The above insurances relate to the Council's statutory role in providing an education service and funding for these insurances will, therefore, be held centrally with schools being covered under the Council's corporate risk and insurance programme.
- 9.2.8 Aided and Trust schools will additionally be required to arrange their own employers liability cover as staff at these schools are employed by the governors/trustees and not the council. An appropriate portion of the funds held centrally for insurance will be delegated to aided and trust schools for liability insurance.
- 9.2.9 In addition, governors/trustees of Aided and Trust schools will need to seek their own independent advice in respect of the cover that they may require in respect of their potential liabilities as governors /trustees.
- 9.2.10 Schools making their own arrangements for insurance are required to submit a copy of their insurance policy proposals to the Council's Risk Management and Insurance Section at least 4 weeks prior to the expiry of their existing cover. If a school with a delegated budget for insurance does not demonstrate by the required date, and (after discussion with the Council), that adequate cover is in place, then the school's budget will be charged with the full cost of adding the school to the Council's risk and insurance programme. The council does not provide a facility to top-up cover where the cover proposed by a school is not deemed to be adequate.

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9.2.11 If a claim is made against the Council in respect of an activity which is the responsibility of a school with its own insurance arrangements, then the claim will be referred back to the school for them to refer to their insurers.

10. Community Facilities

10.1 Introduction

- 10.1.1 Schools are encouraged to discuss any proposals for developing services or facilities for community use (i.e. opening their premises for wider use by the local community) with the City Council.
- 10.1.2 The Education Act 2002 (as amended) gives governing bodies of maintained schools the power to provide any facilities or services whose provision furthers any charitable purpose for the benefit of:
- pupils at the school or their families, or
 - people who live or work in the locality of the school.
- 10.1.3 Governing bodies can incur expenditure, enter into agreements with any person, co-operate with, or facilitate or co-ordinate the activities of any person, and provide staff, goods, services and accommodation to any person.
- 10.1.4 Subject to the provisions of Chapter 3 of Part 6 of the Education Act 1996 (charges in connection with education), governing bodies can charge for any services or facilities provided.
- 10.1.5 Schools, which choose to exercise the power to provide community facilities, will be subject to a range of controls. First, this scheme can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult and have regard to advice from the City Council. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.
- 10.1.6 Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.
- 10.1.7 This section of the scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the City Council and schools to secure the provision of adult and community learning.
- 10.1.8 From 1st April 2011, schools may spend their budget share on community facilities.
- 10.1.9 Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

10.2 Consultation with the City Council – Financial Aspects

- 10.2.1 Section 28 of the Education Act 2002 requires that, before exercising the community facilities power, governing bodies must consult the City Council, and have regard to advice given to them by the City Council.
- 10.2.2 The school should provide the following information in planning any community activity. This may take the form of a community plan and should include the following:

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- a full business plan for the provision of the proposed community facilities, incorporating a full risk assessment;
- in the case of capital projects affecting the existing buildings on the school site and/or the construction of new buildings works proposed then the LEA should be consulted from the outset and will work with the school on how to proceed with the work;
- details of any planning and environmental considerations and evidence of discussions with relevant regulatory agencies;
- details of the progress on consultations with school staff and parents;
- expressions of support from potential user groups details as to how the facility will be managed and how this relates to the management of the school;
- a statement that the proposed activities will not interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts;
- details of any proposed funding agreements with third parties;
- the insurance arrangements proposed;
- details of any licenses or permissions required, eg Ofsted inspection of playgroups

10.2.3 Normally the consultation document should be sent to the Children's Services and Learning Policy Officer, Children's Services & Learning (OGS), Civic Centre, Southampton. SO14 7LY.

10.2.4 Where Early Years and Child Care developments are included then a copy should also be sent to Manager of Early Years Development and Childcare Unit, Children's Services & Learning (OGS), Civic Centre, Southampton SO14 7LY.

10.2.5 The City Council will provide advice within 6 weeks of being consulted. Schools should then inform the City Council what action has been taken.

10.3 Funding agreements with third parties

10.3.1 Any proposed funding agreement with a third party (who will either be supplying funding and/or taking on part of the provision) should be submitted to the City Council for comment, at least one month in advance of the agreement taking place.

10.3.2 If an agreement has been or is to be concluded against the wishes of the City Council, or has been concluded without informing the City Council, which in the view of the City Council is seriously prejudicial to the interests of the school or the City Council, that may constitute grounds for suspension of the right to a delegated budget.

10.4 Other prohibitions, restrictions and limitations

10.4.1 The City Council may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make

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arrangements to protect the financial interests of the City Council by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the City Council

10.4.2 The City Council at this point in time does not propose to impose any restrictions through the scheme but in all instances the City Council is mindful that any activity takes place within the context that it will not in any way jeopardise the financial position of the City Council or school, or the protection of pupil welfare or education.

10.5 Supply of financial information

10.5.1 Schools using Agresso should record expenditure and estimated budgets in respect of the community facilities power using a separate cost centre.

10.5.2 Schools using a non council financial system, should provide the City Council every six months with a summary statement, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

10.5.3 If the City Council, gives notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, it may require such financial statements to be supplied every three months and, if the City Council sees fit, to require the submission of a recovery plan for the activity in question.

10.6 Audit

10.6.1 The school must 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.

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

10.7 Treatment of income and surpluses

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

10.7.2 Schools can carry such retained net income over from one financial year to the next as a separate community facilities surplus. Subject to the agreement of the City Council at the end of each financial year, surpluses over and above any Community subsidy given to a school, can be transferred to the budget share balance.

- 10.7.3 If the school is a community or community special school, and the City Council ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the City Council unless otherwise agreed with a funding provider.
- 10.7.4 Schools must ensure that no deficit arises from the operation of community facilities. If a deficit does arise as a result of mismanagement, this could constitute grounds for suspension of the right to a delegated budget.

10.8 Health and safety matters

- 10.8.1 The health and safety provisions outlined in Chapter 8 extend to the community facilities power.
- 10.8.2 The governing body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

10.9 Insurance

- 10.9.1 It is the responsibility of the governing body to ensure that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power.
- 10.9.2 It is recognised however that many schools will already be providing facilities for the community, for example, the use of leisure facilities. Where a school that is included in the authority's existing insurance arrangements elects to exercise the community facilities power then the school's liabilities associated with these activities will be included within the Council's existing insurance arrangements and deemed to be part of the normal 'business' of the school.
- 10.9.3 It must be noted however that, in relation to the community facilities power, the Council's insurance arrangements relate only to the potential liability of the Governing Body and those responsibilities that attach in respect of 'Property Owners Liability' in particular those relating to visitors to the premises.
- 10.9.4 A distinction needs to be made in respect of risks attaching to the property owner and those arising from the activities themselves.
- 10.9.5 The Council's insurance arrangements only cover the schools' interests and do not provide any cover for those external groups, organisations or individuals that come in and arrange or organise community activities on school premises. They are expected to carry their own insurance.
- 10.9.6 It is therefore recommended that hire agreements include a stipulation whereby the hirer is required to accept responsibility for accidental damage to premises and equipment caused by or arising out of the hirer's use of the premises and third party claims involving accidental injury to persons and/or damage to property except when caused solely by the negligence of Southampton City Council, its servants or agents.

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- 10.9.7 If they have any concerns or queries, the school should seek the Council's advice before accepting any evidence of insurance arrangements in respect of community facilities.
- 10.9.8 Governors may wish to run childcare directly themselves. In this instance they must ensure that adequate insurance cover is obtained and in place prior to commencement of any service.

10.10 Taxation

- 10.10.1 Schools should follow the advice of the City Council on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities.
- 10.10.2 If any member of staff employed by the school or City Council 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 is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

10.11 Banking

- 10.11.1 Schools should either maintain separate bank accounts for budget share and community facilities (for cheque book schools), or use a separate cost centre.
- 10.11.2 For schools operating their own bank account, the banking arrangements in paragraph 5.4 apply to the community facilities power. However, where a bank account is set up specifically for community facilities, the account mandate should not imply that the LA is the owner of the funds in the account except insofar as those funds have been provided by the LA itself.
- 10.11.3 Schools are reminded that they may not borrow money without the written consent of the Secretary of State, except through the City Council's Loans scheme.

11. Child Protection

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

Annex A: Scheme for Loans from School balances

1. ABOUT THE SCHEME

- 1.1 The Loan Scheme enables a proportion of the balances held by Southampton schools to be used on projects for the benefit of children currently in school.
- 1.2 The scheme will enable schools to borrow resources from the pool of school balances in order to carry out works or make purchases that they could not afford from within their annual budget or accumulated balances. It is hoped that the scheme will also encourage schools with large balances to spend them in the short term, as they may be able to borrow additional funds now to make up the cost of a planned future project, rather than saving for several more years.

Loans are intended for one-off projects and purchases, not to support on-going revenue expenditure. Schools which, due to circumstances beyond their control, are likely to incur a budget deficit because of on going revenue commitments, should follow the deficit budget procedure set out in the Scheme for Financing Schools.

A school **must not** incur expenditure prior to any loan application being approved. Loans will not be granted where a scheme has already commenced, and cannot therefore be applied for retrospectively.

- 1.5 Balances held by schools with their own main bank accounts will not be available for loan by other schools. However, these schools will be able to take out loans as the scheme is intended to encourage these schools along with others to use the available resources to support the education of children currently in school.

2. SUMMARY OF TERMS AND CONDITIONS

2.1 AMOUNT TO BE BORROWED

- 2.1.1 The overall amount of loans issued at any one time will be restricted to 30% of total available balances (excluding any balances held in schools' own bank accounts) so that investing schools can still be guaranteed access to their investments if they wish to withdraw them.
- 2.1.2 If applications are received for loans which exceed this limit, applications will be prioritised according to the contribution which will make to raising educational standards as part of a school development plan.
- 2.1.3 The granting of all loans will be at the discretion of the Chief Financial Officer subject to the financial circumstances of the City Council at the time.
- 2.1.4 The amount borrowed by any one school will be up to £200,000 and must not exceed 5% of the schools annual budget share.

2.2 PURPOSE OF LOAN

2.2.1 Loans will be made for the following purposes only:

- major maintenance or improvements to school properties
- investment projects which will produce a future revenue saving e.g. schemes to improve energy efficiency
- projects to improve school security
- major purchases of equipment

2.2.2 The school must also demonstrate that the project will make a contribution to raising educational standards as part of a school development plan.

2.3 PERIOD OF LOAN AND INTEREST RATE

2.3.1 Loans for the purposes described above will normally be repaid over a minimum of two years and a maximum of five years. In exceptional circumstances, the loan period may be extended to 10 years, subject to full analysis by and consultation with the Head of Education and Commissioning. However, where loans are used to purchase equipment which depreciates in value relatively quickly - especially information technology equipment - loans will be repaid over a maximum of four years. The repayment period for each loan will be agreed when the loan is approved.

2.3.2 Interest will be charged on loans at a rate of half bank base rate plus 0.5%. This rate reflects the average rate currently paid to investing schools, plus a small element for the cost of administering the scheme, so that interest can continue to be paid to investing schools. The rate will vary from year to year as the bank base rate varies.

2.3.3 Repayments (including interest) will be made in annual fixed instalments. The repayment amount will be agreed with the school before the loan is approved. The first repayment will be due at the beginning of the financial year following that in which the loan was granted. The agreed payments will be deducted from the school's account by journal transfer at the beginning of each financial year until the loan is repaid.

2.4 APPLICATION AND APPROVAL PROCEDURE

2.4.1 Applications for loans can be submitted at any time of year. We will undertake to give schools formal notification of whether their application has been approved within 6 weeks of receipt of the application.

2.4.2 Application should be made using a form available from:

Support to Schools Accountant
Education & Economy Finance (OGS)
Southampton City Council
Civic Centre,
Southampton SO14 7LY
Direct Line: 8083 3785
Email: chris.tombs@southampton.gov.uk

- 2.4.3 When applying for a loan the school must supply details of:
- The purpose of the loan
 - How the project contributes to the school's development plan
 - The forecast budget position for the school over the period of the loan taking into account any known fluctuations in pupil numbers or other likely variations in income.
 - Endorsement of the loan application by the governing body.
- 2.4.4 Schools may not apply for a loan if they already hold balances which are greater than or equal the cost of the project concerned. Schools may, however, apply for loans to cover the balance of the cost of a project which cannot be met from existing balances.
- 2.4.5 Loan applications must be sent to the Support to Schools Accountant who must approve the application to ensure that the school is in a sound financial position and is able to repay the loan over the proposed period.
- 2.4.6 If the application receives financial approval, the Head of Education and Commissioning, will then assess whether the project concerned will contribute to raising educational standards as part of a school development plan.
- If an application does not meet either the financial or educational criteria, the school will be informed in writing as soon as possible of the reason for refusal of the application. If it is possible for the application to be amended in such a way that it is more likely to meet the criteria, the school will be able to resubmit it up until the closing date for applications.
- After the end of the summer term each year, if the number of loan applications received which meet the financial and educational criteria, together with any loans already outstanding, does not exceed the maximum amount available to borrow, the Head of Education and Commissioning will write to all those schools whose applications meet the criteria to give formal approval to the loan.
- If the total amount of loans applied for or outstanding is greater than the maximum amount, however, the Head of Education and Commissioning will prioritise the applications according to set criteria. The highest priority schemes will then be approved up to the maximum value allowable. The Head of Education and Commissioning will then write to all schools whose applications met the basic criteria either to formally approve the loan or to explain why it has been refused in favour of a higher priority scheme.
- 2.4.7 All approved loans will be confirmed in writing. The school will then have approval to spend the amount borrowed.
- 2.4.8 The school should submit a progress report on the project to the Support to Schools Accountant by the end of the financial year in which the loan was granted. If work has not started on the project by that date, then the Director of Children's Services and Learning reserves the right to withdraw the loan.

Annex B: Guidance on Best Value and Schools

1. Introduction

This statement is intended to assist schools in considering how the principles of Best Value apply to expenditure from their delegated budgets.

2. Background to Best Value

Best Value is a statutory duty to deliver services to clear standards of cost and quality, by the most effective, economic and efficient means available. Legislation places a duty on Local Authorities to achieve Best Value in carrying out their functions. This duty is not intended to apply directly to those functions which are delegated to the governing bodies of LEA maintained schools. However, schools are encouraged to adopt a Best Value performance management framework.

3. Best Value Framework for Schools

In order to follow the principles of Best Value, school governing bodies should:

- a. Put in place a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy this requirement. The review should include:
 - Challenging how and why a service is provided (including consideration of alternative providers)
 - Comparing performance against other schools taking into account the views of parents and pupils
 - Mechanism to consult stakeholders, especially parents and pupils
 - Embracing competition as a means of securing efficient and effective services;
- b. Develop a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
- c. Include the following in school development plans:
 - Clear purposes and values for the long-term success of the school
 - A summary of strategic aims for the next 5 years
 - Clear strategic intentions for school improvement over the next 5 years
 - Clear strategic plans for improvement over one year with full action planning, clear targets and success criteria
 - Updated reports on current performance
- d. Ensure that performance review information is scrutinised through such processes as supported self evaluation and the City Council's internal and external audit regimes.

4. Inspection of the Best Value Framework

The Best Value framework also involves independent inspection and intervention. However, these will be the responsibility of other bodies, such as the Audit Commission. Governing bodies do not therefore need to demonstrate how this aspect of the Best Value framework is being put in place.

Annex C: Payment of GTC Registration Fees and Teachers' Pension Regulations

Fees to be deducted from teachers' salaries and remitted to the General Teaching Council for England

1. The General Teaching Council for England (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 No. 3993) came into force on 10 January 2002. The Regulations apply to teachers at maintained schools registered with the General Teaching Council for England ("the GTC") or required to be so registered by the Teachers (Compulsory Registration) (England) Regulations 2001 (S.I. 2001 No.1266). The Regulations place a duty on the employer of such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has notified the employer to deduct and remit the fee of that teacher. This includes teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.
2. In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and come into effect on 28 February 2002:
3. (1) By virtue of section 46 of the School Standards and Framework Act 1998 and the regulations made under that section (at present the Financing of Maintained Schools (England) Regulations 2001 (S.I. 2001 No.475, Part II and Schedule 1) the costs of payroll administration for teachers in the Authority's maintained schools fall to be met from the budget shares which are allocated to governing bodies pursuant to section 47 of the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this Scheme, governing bodies of maintained schools are responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of their teachers.
4. (2) A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:
 - (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;
 - (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share; and
 - (c) where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.

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5. (3) A governing body of a foundation school, a foundation special school or a voluntary aided school, as the employer of its teachers, is by virtue of the Regulations under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC. Accordingly, a governing body shall:-
- (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;
 - (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and
 - (c) where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.
6. (4) All this shall be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments which have been held by the school in an independent bank account, or the salary costs are directly charged by the Authority to the school's budget share account.

Teachers' Pension Regulations

7. In order to ensure that the performance of the duty on the City Council to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the City Council and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
8. The conditions only apply to governing bodies of maintained schools who have not entered into an arrangement with the City Council to provide payroll services.
9. A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the City Council to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the City Council which the City Council requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The City Council will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the City Council within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.
10. A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the City Council which the City Council requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The City Council will advise schools each year of the

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timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the City Council within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

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