



**ROYAL BOROUGH OF
KINGSTON UPON THAMES**

FAIR FUNDING

SCHEME FOR FINANCING SCHOOLS

2011/12

Coming into force 1 April 2011

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THE SCHEME

SECTION 1: INTRODUCTION

1.1 The Funding Framework

THE FUNDING FRAMEWORK: MAIN FEATURES

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

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum 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 except for capital and certain miscellaneous items. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (*Section 50 has been amended to provide that amounts spent by a governing body on providing

community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 to the Act)

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained, 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 authority 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.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

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

1.2 The role of the scheme

This scheme sets out the financial relationship between the Council of the Royal Borough of Kingston upon Thames (RBK) as LA and the maintained schools that it funds. The scheme contains requirements relating to financial management and associated issues, binding on both the LA and on schools.

1.3 Application of the scheme to the LA and to all maintained schools

From 1 September 1999, this scheme applies to all schools that adopt one of the new categories as a Community, Voluntary, Foundation, Community Special or Foundation Special school.

Although schools have altered their status in the new framework, this will not affect the coverage of this scheme as each school will retain its identity, albeit in a different category, and the schools' governing bodies will remain the same corporate bodies. Any new maintained school opening after 1 April 1999 will be covered by this scheme by virtue of s.48 of the Act.

From 1 April 2004, the Secretary of State requires that Nursery Schools receive full delegation, and as a result the RBK scheme has been extended to include Surbiton Children's Centre Nursery

1.4 Publication of the scheme

The scheme must be published on a website which is accessible to the general public and any revised version must be published by the date the revisions come into force and must state the date that the revised scheme comes into force.

1.5 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with schools and will require approval by the Schools Forum. Such revisions, once approved, will be notified to each school to which the scheme applies.

1.6 Delegation of powers to the Headteacher

Each governing body should consider the extent to which it wishes to delegate its financial powers to the Headteacher, including the power of virement between budget headings, and should formally record its decision (and any revisions) in the minutes of the governing body meeting at which the decision was taken. Such decisions by the governing body will be subject to any requirements of regulations to be made under s.38 and Schedule 11 of the SSFA 1998.

It is advised that the governing body of each school should set an upper limit for expenditure on any one item beyond which the Headteacher would be required to obtain their specific prior approval.

The Headteacher is responsible for preparing budget proposals to the governing body for approval that does not fall within the limits of delegation. The first formal budget plan of each financial year must be approved by the governing body.

1.7 Maintenance of Schools

The LA is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all expenses of maintaining them (except in the case of a Voluntary Aided school where some of the expenses are, by statute, payable by the governing body). Part of the way this is done is through the funding system put in place under sections 45 to 53 of the SSFA 1998. (See also section 13 of this scheme).

SECTION 2: FINANCIAL REQUIREMENTS AND AUDIT

2.1 Application of financial controls to schools

As a general provision of this scheme, schools must, in the management of their delegated budgets, abide by the LA's requirements on financial controls and monitoring. These requirements are set out not only in this scheme but also contained in the RBK Financial Regulations for Schools, Contract Standing Orders and procedural documents issued from time to time by the Director of Learning and Children's Services.

2.2 Provision of financial information and reports

Each school to which this scheme applies must provide the LA with details of anticipated and actual expenditure and income, in a form and at times determined by the LA, which will be notified separately.

For schools with their own cheque books, an income and expenditure return shall be provided not more frequently than quarterly, except where the LA has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation. The restriction to a minimum quarterly interval does not apply to schools that are part of an on-line financial accounting system operated by the LA.

At the end of the financial year schools shall provide the LA with a financial report that conforms to the requirements of the Consistent Financial Reporting framework.

2.3 Payment of salaries and bills

The administrative procedures for the payment of bills and salaries, to which schools will be required to adhere, will be published separately. Those procedures will vary according to the position on delegation of funds and any buy-back of LA services to which individual schools have agreed.

2.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets. The form in which this must be done for assets worth more than £1,000, together with the basic authorisation procedures for disposal of assets, will be determined by the LA and published separately. However, schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. They must keep a register in some form.

2.5 Accounting policies (including year-end procedures)

Schools must abide by the accounting policies and procedures issued from time to time by the LA.

2.6 Writing-off of debts

Income due to a school's delegated budget that cannot be recovered by that school should be referred to the Director of Finance for recovery procedures to be initiated, or otherwise reported to the Governing Body, who are empowered to write off debts.

2.7 Basis of accounting

The LA is required to maintain its accounts on an accruals basis. Its expectation of schools is that they will normally furnish reports/ accounts to the LA on the same basis.

From 1 April 1999, schools may adopt instead a cash basis for such reports and accounts, subject to giving the LA notice of an intention to do so at least three months prior to the start of the relevant financial year. Where a school elects to do this it must, by 30 April in each year, provide to the Director of Learning and Children's Services schedules as at 31 March of debtors, creditors and payments-in-advance.

2.8 Submission of budget plans

The Director of Learning and Children's Services will give guidance to schools on assumptions affecting budget plans that are likely to be the same for all schools. The LA will supply schools with all income and expenditure data that it holds which is necessary for efficient budget planning by schools and supply schools with an annual statement showing when this information will be available at times through the year.

Each school must submit a plan to the LA by 1 May each year showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The format of the plan will be specified by the Director of Learning and Children's Services in a separate publication. In addition to the formula funding, schools may take full account of estimated deficits/surpluses at the previous 31 March in their budget plan.

In order to enable the LA to comply with statutory requirements to maintain accurate prime records, where a governing body revises its budget plan during the year, it must notify the LA within a reasonable period of any such change. The Director of Learning and Children's Services may require a governing body to review its budget plan at any time, provided that at least three months have elapsed since any previous revision.

Income received for the purposes of the school must be credited to the schools budget share.

The LA 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.

2.9 'Best Value'

Schools should seek to achieve value for money and efficiencies, taking into account the purchasing, tendering and contracting requirements outlined in section 2.16.

Given the very high proportion of local government spending which flows through delegated budgets, the government and the authority consider it desirable that schools should follow best value principles in their expenditure.

2.10 Virement

Governing Bodies are permitted to vire freely between budget heads in the expenditure of their budget shares.

2.11 Audit: General

Schools to which this scheme applies come within an internal audit regime determined by the LA, and within the LA external audit regime as determined by the Audit Commission. The LA requires all such schools to co-operate with this regime and to provide access as necessary for audit purposes to the school's records, for both internal and external auditors.

2.12 Separate external audits

Each governing body may spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. There is no expectation by the Secretary of State or the LA that routine annual external audit at school level of budget share expenditure must be carried out, but schools are not prevented from seeking an additional source of assurance at their own expense, should they wish to do so.

2.13 Audit of voluntary and private funds

The LA requires schools to obtain and provide to the LA on request annual audit certificates in respect of voluntary and private funds held by them, including school meal accounts if applicable, and of the accounts of any trading organisations controlled by them. However, the LA will not itself audit such funds. Any other requirement as to the audit of such funds is a matter for those making the funds available, and for the Charity Commission where charitable trusts are concerned.

2.14 Register of business interests

The governing body of each school must establish by 31 December 1999, if it has not already done so, a register which lists, for each member of the governing body and the Headteacher (whether or not a governor) any business interests they or any member of their immediate family have. This register must be kept up to date by notification of any changes and through annual review of entries.

The register is to be made available at all reasonable times for inspection by governors, staff, parents and duly authorised staff of the LA.

2.15 Notice of Concern

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

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

These may include:

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

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

2.16 Purchasing, tendering and contracting requirement.

Schools are required to abide by the Authority's financial regulations for schools and standing orders in purchasing, tendering and contracting matters. This includes a requirement, where necessary, to assess in advance the health and safety competence of contractors, taking account of the LA's policies and

procedures. However, this scheme formally disapplies any section of those that would have the effect of requiring any schools:

- a. to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- b. to seek LA officer countersignature for any contracts for goods or services for a value below £60,000* in any one year;
- c. to select suppliers only from an approved list;
- d. to seek fewer than three tenders or competitive quotations in writing in respect of any contract with a value exceeding £10,000* in any one year.

* *Note:* the sums in b) and d) above will be revised at periodic intervals in accordance with guidance to be issued by the DfES.

2.17 Application of contracts to schools

Schools have a general right to opt out of any LA-arranged contract.

Governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts, but in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.18 Central funds, 'earmarking' and virement of grant funding

The LA is authorised to make sums available to schools from central funds, in the form of allocations for specific purposes that are additional to and separate from the schools' budget shares. (The Standards Fund regulations will require LAs to do this with many grants). Such 'earmarked' funding from centrally retained funds will be subject to conditions setting out the purpose or purposes for which the funds may be used and is to be spent only on those purposes, or on other budget heads for which earmarked funding has been given. Accounting mechanisms will be required in such cases for schools to be able to demonstrate compliance with this requirement. Such "earmarked" funds must be returned to the LA at the end of the relevant financial year if not fully spent in a year, or within the period over which schools are allowed to use the funding if different.

While the stated conditions may include authorisation to virement (except where the funding is supported by a specific grant which the LA itself is not permitted to vire), schools may not carry this out to a point where it would have the effect of assimilating the allocations into the school's budget share.

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

2.19 Spending for the purposes of the school

Although s.50 (3) of the SSFA allows governing bodies to spend budget shares generally for the purposes of the school, such spending is subject to any provisions of this scheme and to any regulations made by the Secretary of State (SoS).

Regulations made by the SoS permit spending on pupils registered at other maintained schools.

From 1st April 2011, amounts spent by governing bodies on community facilities or services (permitted by section 27 of the Education Act 2002) will be treated as if spent for any purposes of the school.

2.20 Capital spending from budget shares

In addition to any capital allocation made available by the LA outside a school's delegated budget share, governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a Voluntary Aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSFA.

If the expected capital expenditure from the budget share in any one year will exceed £20,000, the governing body must notify the LA and take into account any advice from the Director of Learning and Children's Services as to the merits of the proposed expenditure.

The LA requires any capital spending from budget shares to be notified to the Director of Learning and Children's Services. Where the premises are owned by the LA, the governing body must first seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS

3.1 LA integrated accounting system and bank account

Schools have the option of using the LA's integrated accounting system or of operating their own stand-alone accounting system. Schools that elect to use the LA's system will draw their budget share directly from the LA's bank account as they incur expenditure. Similarly, all income accruing to the budget share will be deposited into the LA's bank account. Schools which opt to have their own stand-alone accounting system will be required to maintain their own bank accounts as provided for in this scheme.

3.2 Bank and building society accounts

All maintained schools are permitted to have individual external bank accounts into which their budget share instalments (as determined by the provisions in this scheme) will be paid. Where schools have such an account, they are permitted to retain all interest payable on that account, except where they choose to have an account within any LA contract that makes other provision.

New bank account arrangements may only be made with effect from the beginning of a financial year. Schools without bank accounts at the start of the scheme may not have one until any deficit balance is cleared. Similarly, any school requesting a bank account at a later date will also not be permitted to open one until any deficit balance is cleared. A minimum of three months notice must be given before the start of the relevant financial year for opening new accounts.

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

The term 'bank accounts' as referred to here does not include any imprest account.

3.3 Restrictions on accounts

The rules covering the use of a chequebook account are contained in section 6 of Annex D to this scheme. The Director of Finance will maintain a list of bank or building societies at which accounts may be held for the purpose of receiving budget share payments. These institutions will be selected according to the LA's Treasury Management Policy and the list may be revised from time to time. The current list of approved banks and building societies specified by the Director of Finance in this connection is set out in Appendix 2 to Annex D. Schools having bank accounts with other banks prior to 1 April 2001 are permitted to retain those accounts.

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

Schools are permitted to have accounts for budget share purposes that are in the name of the school rather than that of the LA. Schools' bankers must be notified that money paid by the LA and held in such accounts remains LA property until spent. (See s.49 (5) of the SSFA).

3.4 Proportion of budget share payable at each instalment and frequency of instalments

For schools operating their own bank accounts, the whole of the budget share will be made available to them in such proportions and at such intervals as are set out in section 7.1 of Annex D. For schools using the council's online general ledger, the entire budget share is available from the start of the financial year.

3.5 Interest claw back

For schools with their own bank account, the LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance. The basis of calculation of this deduction is follows:

Instalment paid on 1 April:

$$\frac{A \times B\%}{365 \text{ days}} \times 28 \text{ days} \times 75\%$$

= no. of days of lost interest

Instalment paid on and after 28 April:

$$\frac{A \times B\%}{365 \text{ days}} \times \text{no. of days that the budget share instalment is paid in advance of RBK salary pay day} \times 90\%$$

= average proportion of school budget share representing staff costs

where A = sum of budget share instalment paid in advance, and
B = Base Rate set by RBK's bankers

3.6 Interest on late budget share payments

The LA will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The interest rate used is the same as for the clawback calculations in paragraph. 3.5.

3.7 Budget shares for closing schools

In the event of the future closure of any school holding its own bank account, its budget share will, once approval for the discontinuation of that school has been secured, be made available until the date of closure on the same basis as set out in paragraph 3.4 above.

3.8 Borrowing by schools

Maintained school governing bodies may borrow money only with the written permission of the Secretary of State. This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts, but any such debts may not be serviced directly from schools' delegated budget shares. However, schools are free to agree a charge for any service which the Trustees or Foundation may provide as a consequence of their own borrowing.

Credit cards count as borrowing but debit cards and procurement cards are permitted subject to meeting the requirements specified by the Director of Finance.

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

4.1 The carrying forward of deficits and surplus balances

Schools carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year, plus or minus any balance brought forward from the previous year. For schools who have opened an external bank account at the beginning of the financial year, the LA will transfer to the account on the 1 April a sum agreed with the school as the estimated surplus balance held by the LA. See Annex D 7.2 for cash adjustments for surpluses and deficits where an external bank account has been opened by a school.

4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2011:

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the 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 Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d. if the result of steps a-c is a sum greater than 10% of the current year's budget share for secondary schools, 16% for primary and special schools, then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Authority 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.

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 Authority.

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

4.3 Interest on surplus balances

Surplus balances held by the LA arising from previous financial years will attract interest at the annual average rate for seven-day notice loans to a local authority in the London Money Market, as calculated by the Director of Finance. Such balances may be withdrawn at seven days' notice.

Exceptionally, a school participating in the LA's integrated financial system may deposit part of its current year's budget share with the LA, provided that the account is not withdrawn before the end of the financial year. If any sums are withdrawn, then the current year's deposit will be assumed to be withdrawn first.

4.4 Obligation to carry forward deficit balances

Schools are obliged at the end of each financial year to carry forward any deficit balances into the subsequent financial year. The mechanism for this will be through such deficits being deducted from any balance held by the LA, and then from the following year's budget share. (See also 4.9).

The scheme allows the scheduling of repayments of deficits that already existed at schools maintained by the LA on 31 March 1999.

4.5 Planning for deficit budgets

No school to which this scheme applies is permitted to plan for a deficit budget. Where an unplanned deficit arises at any school, the governing body will be required by the LA to submit a plan to the Director of Learning and Children's Services showing how the school proposes to eliminate that deficit. Any deficit incurred will be the first charge on the school's budget share in the following financial year.

4.6 Prohibition on the writing off of deficits

The LA is not permitted under any circumstances to write off the deficit balance of any school.

4.7 Balances of closing and replacement schools

In the event of a school closing at some future date, any balance (whether surplus or deficit) reverts directly to the LA. It cannot be transferred as a balance to any other school, even where that school is a successor to the closing school, except that a surplus or deficit transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

4.8 Credit union approach

Where any schools elect to group together to utilise externally held balances for a 'credit union' approach to loans, the Director of Learning and Children's Services must be informed of this fact. The LA reserves the right to require formal audit certification of any such credit union where the LA does not itself act as administrator of the arrangement.

4.9 Licensed Deficits

The LA will permit schools in exceptional circumstances to plan for a deficit budget. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the LA on behalf of schools.

Those surplus balances held by schools in an external bank account remain the property of the LA and can legally be taken into account by the LA in assessing the total level of loans it might wish to make to schools.

The detailed arrangements applying to this scheme are set out below:

- Deficit arrangements may only be permitted where budgets cannot be balanced in year without extreme damage to the curriculum and must be authorised in advance by the Strategic Directors of Learning and Children's Services and of Finance.
- The LA may agree in advance a Financial Plan that provides for any deficit to be recovered over more than one financial year subject to the Governing Body passing a resolution to that effect and complying with the conditions agreed in the financial plan.
- The maximum deficit sum shall not normally exceed 10% of the delegated Budget, unless the LA gives specific written agreement.
- The total of agreed deficits and capital loans should not normally exceed 40% of schools' collective balances, subject to exceptional circumstances agreed between the Strategic Directors of Learning and Children's Services and of Finance.
- The maximum period over which schools must balance their budget is normally three years.

- Schools will be subject to additional monitoring procedures and will need to satisfy the Strategic Directors of Learning and Children's Services and of Finance that adequate financial management arrangements are in place at the school.
- To ensure that Licensed Deficit schools operating their own bank accounts do not overdraw, cash up to the value of their licensed deficit may be advanced as and when required, in addition to their budget share. Interest, to be calculated on the daily balance outstanding at the local authority 7 days' notice rate, will be paid by schools on cash drawn in advance of the normal payment profile.

SECTION 5: INCOME

The basic principle that this scheme adopts is that schools are permitted to retain income except in certain specified circumstances.

5.1 Income from lettings of school premises

Schools may retain all income from lettings of the school premises that would otherwise accrue to the LA, subject to any alternative provisions arising from any joint-use or (Private Finance Initiative) agreement. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the school's budget share.

Schools are required to have regard to any directions issued by the LA as to the use of school premises owned by the LA, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

5.2 Income from fees and charges

Schools may retain income from fees and charges, except in respect of any service provided by the LA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the LA.

5.3 Income from fund-raising activities

Schools are allowed to retain all income from fund-raising activities except where a service is provided by the LA from centrally retained funds. Schools should have regards to any policy statements on charging produced by the LA.

5.4 Income from the sale of assets

Schools may retain the proceeds of the sale of assets, except in cases where the asset was purchased with non-delegated funds, in which case it is for the LA to decide whether the school should retain the proceeds.

Schools may not retain the proceeds of sale if the asset concerned is land or buildings forming part of the school premises and owned by the LA. (This scheme does not, however, affect the retention of proceeds of sale of premises that are not owned by the LA).

5.5 Administrative Procedures for the collection of income

The LA will from time to time issue separate guidance, to which schools are required to have regard, on procedures for the collection of income.

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The LA will charge the salaries of school-based staff to school budget shares at actual cost. The budget share of a school may otherwise be charged by the LA without the consent of the governing body only in circumstances expressly permitted by this scheme. These circumstances are set out in 6.2 below. The LA will first consult the school concerned as to any intention so to charge, and notify the school when it has been done.

6.2 Circumstances in which charges may be made

Subject to 6.1 above and 12.1 below, the budget share of a school may be charged by the LA without the consent of the governing body:

- i) where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
- ii) where other expenditure has been incurred to secure resignations where the school has not followed LA advice.
- iii) where an award has been made by a court of law or an Employment Tribunal or out of court settlements against the LA arising from action or inaction by the governing body contrary to the LA's advice.
- iv) where expenditure has been incurred by the LA in carrying out health and safety work or capital expenditure for which the LA is liable, where funds have been delegated to the governing body for such work but the governing body has failed to carry out the required work.
- v) where the LA has needed to incur expenditure in making good defects in building work funded from a school's budget share, where the premises are owned by the LA or the school has voluntary controlled status;
- vi) where expenditure has been incurred by the LA in insuring its own interests in a school, where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA. (See also 10.1 below).
- vii) where recovery is made of monies due from a school but unpaid for services provided to the school under a service level agreement.
- viii) where recovery is made of interest or penalties imposed on the authority by HM Revenue and Customs, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.

- ix) where the LA has to correct errors in calculating charges to a budget share (e.g. pension deductions).
- x) where additional transport costs are incurred by the LA arising from the governing body making a decision on the length of the school day and failing to notify the LA of non-pupil days, resulting in unnecessary transport costs.
- xi) where legal costs are incurred by the LA in circumstances where the LA has given advice to the governing body but that advice was not accepted. (See also section 11).
- xii) deleted
- xiii) where the LA has incurred costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not been carried out.
- xiv) where the LA is required to pay compensation to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- xv) Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- xvi) Costs incurred by the LA 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;
- xvii) Costs incurred by the LA due to submission by the school of incorrect data;
- xviii) Recovery of amounts spent from specific grants on ineligible purposes;
- xix) Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
- xx) 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.

6.3 Exercise by the LA of its powers

The LA will have regard to s.496 of the Education Act 1998 and will not act unreasonably in the exercise of any power conferred by the scheme. With

regard to the powers set out in 6.2 above, the LA would demonstrate that it had necessarily incurred the expenditure to be charged to a school's budget share.

6.4 General Teaching Council

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.

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.

- i. 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.
- ii. 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.
-
- iii. 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.
 - iv. 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.

SECTION 7: TAXATION

7.1 Value Added Tax

The procedure schools should follow in order to be able to utilise the LA's ability to reclaim Value Added Tax (VAT) on expenditure relating to non-business activity will be set out in separate and more detailed guidance to be issued by the LA .. Amounts so reclaimed will be passed back to the school.

HM Revenue & Customs have agreed that VAT incurred by schools when spending any funding made available by the LA is treated as being incurred by the LA and qualifies for reclaim by the LA. This does not include expenditure by the governors of a Voluntary Aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings, nor capital works at GM or Foundation Schools funded directly by the Government.

7.2 Construction Industry Taxation Scheme (CITS)

Schools are required to abide by the procedures issued by the LA in connection with CITS.

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

8.1 Provision of services from centrally retained budgets

It is for the LA to determine on what basis services from centrally-retained funds will be provided to schools. This includes Premature Retirement Compensation (PRC) and redundancy payments, where appropriate.

The LA will not discriminate in its provision of services to schools on the basis of their category except in circumstances where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Timescales for the provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LA will be limited to a maximum of three years from the inception of the scheme, or from the date of the agreement, whichever is the later, and to periods not exceeding five years for any subsequent agreement relating to the same services. Central LA provision of premises and liability insurance is specifically excluded from this provision.

8.3 Buy-back of Services

Where the LA offers to provide on a buy-back basis any services for which funding has been delegated, it will do so in ways which do not unreasonably restrict schools' freedom of choice among the services available. Where practicable, this will include provision on a service-by-service basis as well as any "package" of services. The maximum period of any such arrangement will be three years for agreements starting on or after 1 April 1999 and a maximum of five years for any subsequent agreement relating to the same services. These periods may be extended to five and seven years respectively for the supply of catering services.

Where a service is provided, for which expenditure is not retainable centrally by the LA under the Regulations made under section 46 of the SSAF Act, it will be offered at prices which are intended to generate income which is no less than the cost of providing those services.

8.4 Service-Level Agreements (SLAs)

Where the LA provides services or facilities under a service-level agreement (SLA), whether free at the point of delivery or on a buy-back basis, the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that period.

Where services are offered at all by the LA, these will normally be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements. However, where services are provided on an ad-hoc basis, the LA reserves the right to charge for them at a different rate than if they were provided on the basis of an extended agreement.

Service level agreements will be prepared by the end of February preceding the start of the financial year to which they apply, and that schools have until the end of March preceding the start of the financial year (or a period greater than one month) to accept any such agreement.

Centrally arranged premises and liability insurances are excluded from the above requirements.

8.5 Teachers' Pensions

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

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

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

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

SECTION 9: PRIVATE FINANCE INITIATIVES/ PUBLIC-PRIVATE PARTNERSHIPS

The LA reserves the right to seek changes to this scheme in the event of a PFI or PPP scheme being proposed at some future date.

SECTION 10: INSURANCE

10.1 Insurance cover

Where funds for insurance are delegated to any school, the LA will require the school to demonstrate that cover relevant to the LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA, having regard to the actual risks which might reasonably be expected to arise at the school. (See also 6.2. paragraph. vi), above).

Governing bodies maintaining their own insurance cover in place of that arranged by the LA must provide to the Director of Learning and Children's Services an up-to-date copy of the policy or policies, together with all premium receipts or other evidence of cover. Failure to provide documentary proof of a satisfactory level of cover within a reasonable period of such a request being made may result in the school's budget share being charged, as described in 6.2. (vi) above.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

Because the governing body is a corporate body, and because of the terms of s.50(7) of the SSFA, governors of maintained schools will not incur personal liability in the exercise of their power to spend their school's delegated budget share provided they act in good faith.

11.3 Governors' expenses

Governing bodies of schools with a delegated budget may make a scheme to pay allowances to governors and associate members of governing bodies in respect of legitimate expenses incurred in carrying out their duties. The allowances paid should relate to actual costs incurred, apart from mileage costs where any payment should not exceed authorised Inland Revenue mileage allowances. However, attendance allowance and payments for loss of earnings may not be paid. The payment of any other allowances is also prohibited.

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

Under Schedule 11 of the SSFA, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. The payment of any other allowances is prohibited.

Any school under special measures is also barred from the payment of expenses duplicating those paid by the Secretary of State to any additional governors appointed by him to that school.

The LA may make a scheme to pay allowances to governors of schools without a delegated budget, for example during a period of suspension of the right to a delegated budget.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body relating to matters which are the responsibility of the LA as part of the cost of maintaining the school (unless they relate to the statutory responsibility of aided school governors for buildings) may be charged to the school's budget share in circumstances where the governing

body has not acted in accordance with the advice of the LA. (See also section 6.2 paragraph. xi above).

Circumstances may occur where a school governing body and the LA have a conflict of interest, when LA legal staff would be unable to act on behalf of the school. Such circumstances are likely to be very rare. LA legal staff would inform the governing body in the case of a conflict of interest arising and make available to them a list of appropriately experienced local legal practitioners able to give independent advice to the governing body.

11.5 Health and Safety

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

11.6 Right of attendance for Director of Finance

Governing bodies are required, where so requested, to permit the Director of Finance of the Royal Borough of Kingston upon Thames, in person or by deputy, to attend meetings of the governing body at which any agenda items are discussed, relevant to the exercise of that officer's responsibilities.

11.7 Delegation to new schools

The LA is empowered to delegate selectively and optionally to the governing bodies of schools that have yet to receive delegated budgets.

11.8 Options to receive delegated funding

Where a school exercises a right to receive optional delegated or devolved funding, it may do so only once in any given financial year at such date as may be stipulated by the LA and may not thereafter during that year alter its decision.

11.9 Funding for special education and social needs

Schools receive funding for special education and social needs as unhypothecated elements of their total budget share. The LA requires, nevertheless, that school governing bodies shall use their best endeavours to secure adequate provision to meet the special educational and social needs of the pupils in the roll of other schools.

11.10 Interest on late payments

Schools are reminded of the statutory duty to pay invoices by their due date or be liable for interest charges.

11.11 'Whistleblowing'

The procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at a school is reproduced in Annex E.

11.12 Child Protection

Schools should have regard to LA policy and permit the designated child protection teacher, or other staff, to attend child protection case conferences and other related events, the costs of which will be met from centrally retained LA funds.

11.13 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided at Annex H.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 LA continuing responsibility

Following delegation of the revenue budget for R&M, the property maintenance role of the LA has diminished. In future, the LA will focus principally on major capital works and strategic asset management. In exercising its “landlord” and employer function at Community schools, and in respect of its liabilities at other schools, the LA will monitor the upkeep of premises by governing bodies in order to satisfy itself that standards are maintained and regulatory functions are undertaken.

12.2 Governors' responsibilities for premises

The effect of the general delegation of this budget is that from April 1999 all schools have the main responsibility for the upkeep and maintenance of premises. Headteachers and Governing Bodies are required to maintain their premises to a reasonable and acceptable standard with due attention to Health and Safety and regulatory requirements. Schools are expected to address all structural R&M (responsive and planned), and execute routine contractual and servicing works necessary to ensure the safe and proper operation of plant and systems.

The responsibilities of schools includes the following:

- * *All responsive repairs, maintenance and renewals*
- * *All planned repairs, maintenance and renewals*
 - Fire and Security Service contracts (alarms, extinguishers etc.)*
 - Heating and ventilation service contracts*
 - Maintenance and inspection of hot water cylinders*
 - Maintenance of energy controls*
 - Safety treatment to water services*
 - Testing and inspection of stage lighting*
 - Periodic testing and inspection of mains electrical services and systems*
 - Periodic testing of emergency lighting systems*
 - Periodic testing of lightning conductors*
 - Periodic testing of portable electrical equipment*
 - Lift maintenance service contracts*
 - Maintaining asbestos records*
 - Establishing/maintaining envirosafe record systems (water services)*
 - Safety glazing upgrade works*
 - All tree works*

This list is not intended to be exhaustive but covers the main areas of responsibility.

***NB** In respect of the first two items above, the LA will establish a definition of the division between Revenue and Capital expenditure in line with the CIPFA Code of Practice. A stated financial limit will be applied below which capital funding will not be considered. The current figures are £20,000 for Primary and Special Schools and £30,000 for Secondary Schools. These amounts may be altered in subsequent years.

All individual works up to the value of these figures are the total responsibility of the school. Schools are able to refer individual works in excess of the threshold limits to the LA as a Capital Bid.

In addition, some works without financial limit will be the responsibility of schools, e.g. internal and external decoration, all glazing repairs, swimming pools, and all floor finishes. Further information will be made available to schools on this division of liability.

The Authority recognises that some schools might not wish to take on direct premises management and might elect to enter into a 'pooling' arrangement in collaboration with other schools (see 'Pooled Schemes' below). This would not, however, form any part of the delegation scheme and it must be stressed that each governing body retains separate responsibility for ensuring adequate premises maintenance and repair of its premises from its delegated budget share.

12.3 Arrangements for managing delegated R&M funding

The general delegation of the structural R&M revenue budget involves a substantial shift of responsibility for the upkeep of schools to Headteachers and Governors. It necessitates schools needing, in many cases as direct clients for the first time, to seek professional advice and guidance in order to discharge their duties and responsibilities.

All schools should give consideration to their local arrangements and obtain advice about ongoing professional technical support. Where appropriate, schools are advised to engage consultants to advise on and possibly to manage all or part of their building maintenance expenditure.

12.4 'Pooled' Schemes

Where governing bodies elect to collaborate with others in a 'pooling' arrangement for the management of their structural R&M budget, the LA advises that agreed mechanisms should be established at the outset for the management of such a scheme and for any pre-planned (programmed) works.

The pooling could be based on set contributions from each participating school for responsive maintenance and ongoing service contracts, but separate commissions from individual schools might also need to be initiated (outside of the pooling arrangement) for some pre-planned works.

Schools choosing to enter into a pooling arrangement would probably find it necessary to establish a Steering Group or Management Committee to work in conjunction with the LA's consultants, SERCO, or other contractor in order to oversee the general operation of the pool, give directions about practices and procedures to be adopted and agree payment and monitoring arrangements. LA officer involvement would probably need to be agreed also, as 'arbiter' or 'honest broker' to the scheme.

SECTION 13: COMMUNITY FACILITIES

13.1 Legal Framework

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

However, under s.28(1), the main limitations and restrictions on the power will be

- a. those contained in schools' own instruments of government, if any; and
- b. in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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

See Annex F for further details.

SCHOOLS TO WHICH THE KINGSTON SCHEME APPLIES

NURSERY SCHOOL

Surbiton Children's Centre Nursery, Alpha Road, Surbiton, KT5 8RS

PRIMARY SCHOOLS

Community Schools

Alexandra Infant School, Alexandra Road, Kingston upon Thames, KT2 6SE

Burlington Infant School, Burlington Road, New Malden, KT3 4L

Burlington Junior School, Burlington Road, New Malden, KT3 4LT

Castle Hill Primary School, Buckland Road, Moor Lane, Chessington, KT9 1JE

Coombe Hill Infant School, Coombe Lane West, Kingston upon Thames, KT2 7DD

Coombe Hill Junior School, Coombe Lane West, Kingston upon Thames, KT2 7DD

Ellingham Primary School, Ellingham Road, Chessington, KT. 2JA

Fern Hill Primary School, Richmond Road, Kingston upon Thames, KT2 5PE

Grand Avenue Primary School, Grand Avenue, Tolworth,

Green Lane Primary School, Green Lane, Worcester Park, KT4 8AS

King Athelstan Primary School, Villiers Road, Kingston upon Thames, KT1 3AR

King's Oak Primary School, Dickerage Lane, New Malden, KT3 3RZ

Knollmead Primary School, Knollmead, Tolworth, KT5 9QP

Latchmere School, Latchmere Road, Kingston upon Thames, KT2 5TT

Lovelace Primary School, Mansfield Road, Chessington, KT9 2RN

Malden Manor Primary School, Lawrence Avenue, New Malden, KT3 5NB

Maple Infants School, Maple Road, Surbiton, KT6 4AL

Robin Hood Primary School, Bowness Crescent, Kingston Vale, SW15 3QL

Tolworth Infant School, School Lane, Tolworth, KT6 7SA

Tolworth Junior School, Douglas Road, Tolworth, KT6 7SA

Voluntary Aided Schools

Christ Church New Malden C of E Primary School, Lime Grove, New Malden, KT3 3TW

Christ Church C of E Primary School, Pine Gardens, Surbiton, KT5 8LJ

Corpus Christi RC Primary School, Chestnut Grove, New Malden, KT3 3JU

Malden Parochial Primary School, The Manor Drive, Worcester Park, KT4 7LW

Our Lady Immaculate RC Primary School, 399 Ewell Road, Tolworth, KT6 7DG

St. Agatha's RC Primary School, St. Agatha's Drive, Kingston upon Thames, KT2 5TY

St. Andrew's & St. Mark's C of E Junior School, Maple Road, Surbiton, KT6 4AL

St. John's C of E Primary School, Portland Road, Kingston upon Thames, KT1 2SG

St. Joseph's RC Primary School, The Fairfield, Kingston upon Thames, KT1 2UP

St. Mary's C of E Primary School, Church Lane, Chessington, KT9 2DH

St. Matthew's C of E Primary School, Langley Road, Surbiton, KT6 6LW

St. Paul's C of E Primary School, Orchard Road, Chessington, KT9 1AJ

St. Paul's C of E Junior School, Princes Road, Kingston upon Thames, KT2 6AZ

Foundation School

St. Luke's C of E Primary School, Elm Road, Kingston upon Thames, KT2 6HS

SECONDARY SCHOOLS

Community Schools

Chessington Community College, Garrison Lane, Chessington, KT9 2JS

Coombe Girls' School, Clarence Avenue, New Malden, KT3 3TU

Southborough School, Hook Road, Surbiton, KT6 5AS

Voluntary Aided Schools

Holy Cross Convent School, Sandal Road, New Malden, KT3 5AR

Richard Challoner RC Boys' School, Manor Drive North, New Malden, KT3 5PE

Tiffin School, Queen Elizabeth Road, Kingston upon Thames, KT2 6RL

Foundation Schools

Coombe Boys' School, College Gardens, Blakes Lane, New Malden, KT3 6NU

The Hollyfield School, Surbiton Hill Road, Surbiton, KT6 4TU

Tolworth Girls' School, Fullers Way North, Surbiton, KT6 7LQ

SPECIAL SCHOOLS

Dysart School, 190 Ewell Road, Surbiton, KT6 6HL

St. Philip's School, Harrow Close, Leatherhead Road, Chessington, KT9 2HP

Foundation Special School

Bedelsford School, Grange Road, Kingston upon Thames, KT1 2QZ

DEFINITION OF FORMULA FACTORS 2011/12

1. Mainstream Schools

1.1 THE MAIN FORMULA

The Main Formula is based on the number of pupils, weighted for age, as recorded by the Annual Schools Census in the January preceding the start of the relevant financial year.

For mainstream schools, this is the product of the number of Full Time Equivalent (FTE) pupils on roll at a school multiplied by a Unit of Resource and a weighting for each age group. There are, however, differences for year groups subject to in-year planned change.

The age weightings currently used in the Main Formula are as follows:

<u>Pupil Age</u>	
4+	1.2130
5+	1.0909
6+	1.0909
7+	1.0909
8+	1.0909
9+	1.0909
10+	1.0909
11+	1.3078
12+	1.3078
13+	1.3078
14+	1.3078
15+	1.3078
16+ (retakes)	1.3078

- 1.1.1 The funding for Reception class pupils is allocated to schools differentially according to whether or not summer-born children are admitted on a full-time basis in the Spring Term.
- 1.1.2 Pupils who are aged 16+ not undertaking sixth form courses (e.g. those doing retakes) are funded the same as Key Stages 3 & 4 as they are not funded by the Young People's Learning Agency (YPLA). Other 16+ students are funded through the Sixth Form Funding Formula.
- 1.1.3 Pupils in nursery classes or the nursery school are funded under the Early Years Single Funding Formula described in Section 24.

1.2 In-Year changes to forms of entry planned by the LA

- 1.2.1 An in-year change arises when a class is planned to commence or be discontinued part way through a financial year.
- 1.2.2 Funding for these year groups will be based on a 5/12 - 7/12 annual split. Within the financial year in which the planned change in roll occurs, the pupil numbers from the

Annual Schools Census in the preceding January will be the basis for funding from April to August inclusive. However, from September to March in that year, funding will be based on an estimated level. The estimate will be determined by the Director of Learning and Children's Services, in consultation with the school(s) concerned, prior to the start of the financial year to which the figures apply.

1.3 New Class Set-up Costs

Where a school takes on an additional form of entry, an amount will be given towards the initial 'start-up' costs of extra consumable items, paid as a fixed sum per child in each additional form of entry.

1.4 Transitional adjustment of formula budgets - protection of schools with falling rolls

Where a school's annual budget share derived by the formula for a given year falls short of that for the previous year, then a percentage of that difference will be rebated. In making the year-on-year comparison, the following formula elements are ignored: SEN Statements, SEN Specialist Resourced Provision and Sixth Form (YPLA) Funding. The mechanism for cushioning annual budget reductions works on a sliding scale.

Where the annual budgetary reduction is equal to or greater than 3%, intermediate 'trigger' shortfall percentages are set at 1% intervals up to 10%. Each percentage point of difference up to 10% or more will trigger a rebate in increasing steps of 5% of the difference between the previous year's and the current year's budget derived by the formula, with a maximum rebate of 50% of the difference.

The following table shows how this is applied:

Budget Adjustment Table

Shortfall % (= or >)	Rebate %
3%	15%
4%	20%
5%	25%
6%	30%
7%	35%
8%	40%
9%	45%
10% & above	50%

1.5 Dual Registration

Where a dually-registered pupil is on the roll at two schools simultaneously on the day of the Annual Schools Census, unless the pupil is in Key Stage 4 and undertaking a diploma course, funding for that pupil will be apportioned to each school pro-rata to the amount of time that the pupil spends at each, using whichever formula weighting applies to that child's age group in each school. If a Key Stage 4 pupil is undertaking a diploma course then the secondary registration of that pupil will be ignored if the diploma course is the only reason the pupil attends the second school.

1.6 Infant Class Size Funding

The Education (Infant Class sizes) (England) Regulations 1998 provide that, subject to certain limited exceptions, infant classes of 5, 6 and 7 year olds may not contain more than 30 pupils with a single qualified teacher. In normal circumstances, it is not permissible for either the admissions authority or an Appeals Panel to admit pupils in excess of this limit.

However, the class size legislation allows the entry of an additional child in certain limited circumstances where not to admit a child would be prejudicial to his or her interests. These circumstances include:

- a. Where a child moves into an area outside the normal admissions round and there is no other school which would provide suitable education within a reasonable distance of his/her home;
- b. Where a child receives a statement of special educational needs naming the school, or a pupil with a statement naming that school moves into the area, in each case outside the normal admissions round;
- c. Where a pupil is initially refused admission to a school but is subsequently offered a place there because an error was made in implementing the school's admission arrangements or an appeal panel holds the original decision to be unreasonable.

In these cases, the class may only be above 30 for the remainder of that school year. A financial problem can therefore arise if this situation continues into a subsequent school year, as the school is then legally obliged to provide another class or provide a second qualified teacher in the existing class.

A school in this situation will be allocated a sum equal to one third of the annual salary (including national insurance and superannuation) of a qualified teacher on point 4 of the Main Pay Scale for each term that the circumstances continue.

1.7 Updating of non-AWPU Data

All indicators used to calculate Budget Shares will be updated for each year in a multi-year funding period.

2. SMALL SCHOOLS SUB-FORMULA

2.1 Flat-rate allocation

A flat rate allocation for primary and secondary schools, which is inflated each year in line with the Age Weighted Pupil Allocation.

3. PUPILS WITH STATEMENTS OF SEN IN MAINSTREAM SCHOOLS

3.1 Delegation in cash terms

The funding for each pupil with a Statement of SEN is determined according to the matrix of needs shown below. The determinations are made when the Statement is issued and subsequently reassessed at each child's Annual Review of the Statement.

FUNDING ALLOCATION MATRIX FOR PUPILS WITH STATEMENTS OF SEN 2011/12

Area of need	Detailed Needs	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6
Cognition & Learning	Early Learning Skills Literacy Numeracy Thinking and Problem Solving	The total value of bands one and two is distributed by the Early Intervention Sub-formula		£939	£1,252	£1,565	**
				£939	£1,252	£1,565	
				£939	£1,252	£1,565	
				£939	£1,252	£1,565	
Behavioural, Emotional & Social	Anxiety Management Social Skills Attention and Motivation Behaviour Management		£939	£1,252	£1,565	**	
			£939	£1,252	£1,565		
			£939	£1,252	£1,565		
			£939	£1,252	£1,565		
Communication & Interaction	Expressive Language Skills Receptive Language Skills Social Communication		£939	£1,252	£1,565	**	
			£939	£1,252	£1,565		
			£939	£1,252	£1,565		
Sensory & Physical/Medical	Fine and Gross Motor Skills Materials Access Pupil Independence Compensatory Skills		£939	£1,252	£1,565	**	
			**	**	**		
			**	**	**		
			£939	£1,252	£1,565		
			**	**	**		

** Individually assessed

3.2 In-year changes

In-year changes involving an increase in Budget Share will be financed from the school-specific contingency. Any reductions in funding due will be deducted from any additional funding due before this is allocated to a school.

In-year changes to delegated resources for Statements of SEN will be based on weeks of funding, so that money will transfer from the child's former school to the new school in proportion to the number of whole weeks remaining in the financial year in question.

Where a Statement is discontinued in year, funding pro-rata to the remaining proportion of that year will be deducted from the child's school, but calculated from the beginning of the term following discontinuation. (This time-lag is because the school may not immediately be able to alter contractual arrangements for support staff).

Where a child is made the subject of a Statement for the first time during the course of a financial year, funding according to the matrix will be allocated to the child's school pro-rata to the remaining proportion of that year, starting at the beginning of the first whole week following the issue of the Statement

3.3 Out-borough pupils

A pupil with a Statement of SEN who is resident in the area of another LA but attends an RBK school will receive either such amount as their home LA may determine or, where no such determination has been made, the amount due under the RBK formula. In either case, the amount in question will be recouped from the home LA.

4. ADDITIONAL EDUCATIONAL NEEDS (AEN) SUB-FORMULA

The budget for this sub-formula element was determined to reflect national research into the cost of AEN. The unit of resource for each element is uprated by inflation each year. The unit of resource is then adjusted to ensure that the overall allocation remains within the control total for this factor, which is subject to review from year to year.

Annual fluctuations for schools will be smoothed by the budget being subject to a rolling average over a two-year period.

4.1 Free School Meals element (Social Needs)

National research has shown that the number of pupils entitled to free school meals correlates positively with the incidence of both social disadvantage and special educational needs. This element of the sub-formula allocates funding in proportion to the number of pupils at each school who are recorded as eligible for free school meals in the Annual Schools Census in the January preceding the financial year in question.

Allocation of funding is based on the product of the total number of qualifying pupils in each school and the Unit of Resource for this element, the latter derived by dividing the budget for this element of the sub-formula by the total number of qualifying pupils in all schools to which it applies.

4.2 Cognitive Abilities Tests and Foundation Stage Profile Element

A proportion of the total AEN sub-formula budget is allocated according to the results of the NFER Cognitive Ability Tests (CATs) for Key Stages 2, 3 and 4, or of Foundation Stage Profile assessment for Key Stage 1. The way in which this element operates is described below.

Foundation Stage Profile Assessment - Key Stage 1

CATs are not considered appropriate at KS1 and the results of Foundation Stage Profile assessments are used instead. All pupils who score at or below the 5th quintile for the assessment are allocated a unit of funding.

The amount of money to be allocated to each school at KS1 is calculated by dividing the total budget for allocation under this funding element by the total number of units for all primary and infant schools to produce the relevant Unit of Resource for this budget element. The budget for an individual school is then the product of that Unit of Resource and the number of units for the school.

Cognitive Abilities Tests (CATs) - Key Stages 2, 3 & 4

In the autumn term of each year, all pupils in Year 4 and Year 7 are assessed using the CATs. These tests have three sub-components measuring numeric ability, language ability and reasoning. The results of the tests generate an Authority-wide norm against which the pupils within the year group in question in each school can be profiled. For the purposes of this sub-formula only, it is then assumed that the incidence of special educational needs is uniform throughout the school pro-rata to the year group tested.

Any pupil scoring below 87 in any CAT sub-test will be allocated 0.33 of a unit of funding (i.e. pupils scoring below this level on all three sub-tests will be allocated 1.0 funding unit).

The amount of money to be allocated to each school at KS2 is calculated by dividing the total budget for allocation under this funding element by the total number of units for all primary and junior schools, and at KS3 & KS4 for all secondary schools, to produce the relevant Unit of Resource for this budget element. The budget for an individual school is then the product of that Unit of Resource and the number of units for the school.

4.3 Attainment Tests and GCSE Results Element

A proportion of the total budget under the AEN sub-formula is allocated according to factors relating to attainment on entry to each Key Stage of the National Curriculum. The value of the funding units is calculated in a similar

manner as for the element based on CATs testing results and Foundation Stage Profile assessment.

Key Stage 1

The Foundation Stage Profile is used as the measure of attainment on entry to Key Stage 1. All pupils who score at or below the 5th quintile score total are allocated a unit of funding

Key Stage 2

The results of the tests for 7 year olds at the end of Key Stage 1 are used as the measure of attainment on entry to Key Stage 2. All pupils who score below Level 2 on one or more of the three tests in reading, writing and mathematics are allocated 0.33 of a unit of funding in respect of each test on which the score is below Level 2 (i.e. a child who scored below this level on all three tests would attract 1.0 of a unit of funding).

Key Stage 3

The results of the tests for 11 year olds at the end of Key Stage 2 are used as the measure of attainment on entry to Key Stage 3. All pupils who attain below Level 3 on one or more of the three tests in English, mathematics and science are allocated 0.33 of a unit of funding (i.e. a child who scored below this level on all three tests would attract 1.0 of a unit of funding).

Key Stage 4

The results of the tests for 14 year olds at the end of Key Stage 3 are used as the measure of attainment on entry to Key Stage 4. All pupils who attain at or below Level 4 on one or both of the two tests in English and mathematics are allocated funding. There are two scoring bands:

Band 1 is for those scoring at Level 4, and accounts for 0.33 of the funding based on attainment at this Key Stage. Pupils attaining at Level 4 on one of the two sub-tests will attract 0.165 (i.e. a half of 0.33) unit of funding. Pupils who score at this level on both sub-tests will attract 0.33 unit of funding.

Band 2 is for those scoring at Level 3 and below, and accounts for 0.66 of the funding based on attainment at this Key Stage. Pupils attaining at or below Level 3 on one of the two sub-tests will attract 0.33 (i.e. a half of 0.66) of a unit of funding. Pupils who score at this level on both sub-tests will attract 0.66 unit of funding.

4.4 Pupil Mobility

A proportion of the AEN budget is allocated according to pupil mobility, defined as the number of pupils admitted to a school during the previous academic year at non-standard times. It therefore excludes pupils admitted in the circumstances shown below:

Primary Sector

- all pupils admitted to nursery provision.
- any pupils admitted to the reception class either at the start of the year (full or part-time) or as part of planned staggered admission arrangements.
- any pupils joining a Junior School at the start of Year 3 as part of the normal transfer/admission procedure.

Secondary Sector (11-16 provision)

- any pupils admitted to Year 7 as part of the normal transfer/admission procedure.
- any pupils admitted to Years 12&13

5. EARLY INTERVENTION SUB FORMULA

From 1 April 2005 funding was transferred from the SEN matrix funding sub-formula to a new Early Intervention Sub-formula comprising

- the total amount previously distributed for SEN matrix funding Bands 1 and 2
- the unit of resource allocated for the Annual Review of each statement.

The funding for this allocation is distributed using the same method and factors as the AEN sub-formula (i.e. Free School Meals, Attainment and mobility measures. Refer to section 4 above.)

6. BILINGUAL LEARNERS

This funding is apportioned pro-rata to the weighted number of pupils at levels defined by the QCA English Extended scale. Post 16 pupils are excluded from these calculations. The levels and their corresponding weightings are:

EAL pupils new to English	-	Weighting 1
EAL pupils at a functional level	-	Weighting 0.67

7. SPECIALIST SPECIAL EDUCATIONAL NEEDS (SEN) RESOURCED PROVISION SUB-FORMULA

This sub-formula allocates funds to those mainstream schools that have attached specialist resourced provision for pupils with SEN. Funding depends on the level of provision and number of places agreed in the Service Level Agreement for each specialist provision, and materials costs dependent on the number of pupils actually on roll. A list of the specialist provision and an outline of the basis for delegation is given below.

7.1 Types of Expenditure

Costs associated with running each unit fall into three categories:

- fixed costs - these exist irrespective of the number of pupils at the unit, and cover rents, administration costs, etc.
- semi-variable costs - these vary indirectly with changes in pupil numbers and include teaching and non-teaching staff, and supply cover.
- variable costs - these vary in direct proportion to the number of pupils on roll: e.g. materials and consumable items.

7.2 Funding Elements for SEN Specialist Resourced Provision

7.2.1 Place Funding

In order to ensure that staffing levels are protected from temporary fluctuations in pupil roll, and that the number of places available at each SEN specialist provision is in accordance with that agreed in its service level agreement (see 7.3 below), the fixed and semi-variable costs are totalled and used to calculate differential place funding for each example of specialist provision.

7.2.2 Materials Funding

The variable element of the funding is used to arrive at a materials cost for all types of SEN specialist provision (i.e. this varies in direct ratio to the number of pupils on roll but does not vary with the type of provision).

7.3 Service Level Agreement

Each SEN specialist provision has a service level agreement agreed between the 'host' school's governing body and the LA. This includes the type of need provided for, expectations on specialist provision and staffing levels that govern both the place funding and the number of places at each specialist provision.

7.4 Specialist SEN Resourced Provision Funding

Each SEN specialist provision annual funding is therefore made up of:

- i) the product of the place funding for the type of provision multiplied by the number of places, all as set out in the service level agreement, PLUS
- ii) the product of the materials funding multiplied by the number of pupils actually on roll

7.5 LIST OF SPECIALIST SEN RESOURCED PROVISION, APRIL 2011

1. Castle Hill Primary School: Speech & Language (Nursery, KS1 and KS2)
2. King's Oak Primary School: Autistic Spectrum Disorders (Nursery, KS1 and KS2)
3. Knollmead Primary School: Hearing Impaired (KS 1 and KS 2)
4. Knollmead Primary School: Autistic Spectrum Disorders (Nursery, KS1 and KS2)
5. Latchmere School: Autistic Spectrum Disorders (KS1 and KS2)

6. Malden Manor Primary School: Emotional and Social Difficulties (KS1 and KS2)
7. Surbiton Children's Centre Nursery: Autistic Spectrum Disorders (pre-school)
8. Tolworth Infants School: Autistic Spectrum Disorders (Nursery and KS1)
9. Tolworth Junior School: Autistic Spectrum Disorders (KS2)

7.6 Enhanced Specialist Teaching Arrangements (ESTAs)

Where a service level agreement has been made between the Local Authority and a

School for the provision of an ESTA, the annual funding for the operation of the ESTA shall be in accordance with the terms of the service level agreement, including funding for:

- Initial professional development of the whole school staff;
- Ongoing professional development for a named teacher;
- An allowance for ASD specialist teacher time depending on the number of ASD pupils at the school; and
- Such other items as may be specified

8. PREMISES SUB-FORMULA

This sub-formula is composed of four elements, as follows:

8.1 Dual Use Sports Facilities

Where a school makes use of a co-located dual use sports facility, the school's annual budget share shall include a lump sum representing the school's share of the running costs of the facility. This is calculated in proportion to the number of hours allocated to the school bears to the total hours of operation. Total running costs shall exclude all costs not essential for school use. In this section dual-use is taken to mean a facility that provides dedicated sports facilities to a school during school hours and is open to the general public on a casual basis at the same time and/or at other hours.

8.2 Rates

This element of the sub-formula will allocate matching funding to schools to enable them to cover the actual or estimated costs of rates. An estimate will be used in the case of a new school where the Rateable Value has not yet been set. The Budget Share will be re-determined in-year in the event of a change in rates liability.

8.3 Rents

Where a school pays rent for a playing field, caretaker's accommodation or other facilities, this amount will be allocated to the school at actual cost. No variation can be made to the Budget Share in-year.

8.4 Split Site

In the case of a school where teaching is normally carried on in buildings on two or more sites more than 200 metres apart and separated by a public road, it shall be allocated a sum equal to its applicable flat rate allocation.

9. PREMISES INSURANCES

The allocation is based on the relevant premium rate paid under the LA's policy and the sum insured for buildings and contents of each school.

10. SCHOOL MEALS SUB-FORMULA

10.1 Paid-for Meals

There is no delegated budget for mainstream primary and secondary schools in respect of paid-for school meals, for which the LA does not provide any subsidy.

10.2 Free School Meals

All mainstream schools receive an allocation to meet the cost of free school meals (FSM) to which their pupils are entitled. The meals may be provided under local arrangements or the LA's contract for packed or hot meals.

The funding for the whole financial year will be based on the numbers of eligible pupils (excluding post 16 pupils) as at the date of the Annual Schools Census in the previous January. There will be no in-year adjustments.

It is open to any school to participate in the LA's contract for FSM. This may also include arrangements to buy in paid-for meals at parental request.

The level of funding reflects the difference in cost of providing varying numbers of free school meals:

- For schools participating in the LA Contract, funding is at the contract price.
- For Schools making other arrangements, the unit of resource is uprated annually for inflation.

11. SCHOOLS ADMISSIONS SUB-FORMULA

This sub-formula has two components, as follows:

11.1 Admissions to Primary & Secondary Schools that are their own Admission Authority

This component applies to Voluntary Aided and Foundation primary and secondary schools, where the governing body and not the LA is the admission authority. It is intended to contribute to the cost of administration of admissions and appeals.

The budget for this head of expenditure, which is uprated for inflation each year, is allocated between the schools concerned pro-rata to the total number of pupils

at each school as shown in the Annual Schools Census in the January preceding the relevant financial year.

11.2 Admission to the Selective Secondary Schools

This component is intended to meet the particular additional costs of the admissions process for those schools where entry is dependent in whole or in part on a selective testing procedure.

The budget for this head of expenditure, which is uprated for inflation each year, is allocated according to the ratio at each school of selective places to the total number of places in Year 7, the normal year of entry. It will be open to any such school to return this money to the LA for the procedure to be managed centrally.

12. MONEY FOLLOWING PERMANENTLY EXCLUDED PUPILS

When a pupil is permanently excluded from a maintained school or leaves in certain specified circumstances, Regulations provide for money to follow that pupil within the year in which the exclusion or other change takes place. The transfer of money will be effected as laid down in those Regulations.

Where during the course of a financial year a pupil is permanently excluded from a school covered by this Scheme, the school's budget share will be reduced by the amount required in the Regulations. Where during the course of a financial year a school admits a pupil who has been permanently excluded from another school, the LA will allocate to that school an amount in accordance with the Regulations.

When a pupil is permanently excluded so as to be removed from the roll of the school between the date of the Annual Schools Census in January and the end of March in any year, a transfer of funds will be made from the excluding school to cover:

- a) the period between exclusion and the end of March;
- b) the whole of the following financial year

13. SIXTH FORM FUNDING

The Young People's Learning Agency (YPLA) is responsible for funding sixth forms. Therefore, a secondary school's budget share includes an amount equal to any sum notified to the local authority by the YPLA as being the allocation in respect of that school's sixth form contained within grant payable to the local authority.

The LA abates each secondary school's budget share to remove duplication of amounts given by the YPLA and by the LA's funding formula. The deduction is calculated as a proportionate share of the funding received from the small schools, premises and premises insurance sub-formulas. The proportion is determined individually for each school with reference to the pupil numbers in the

sixth form as a proportion of the total unweighted school population. The amount of abatement is being reduced equally over five years to phase out the adjustment. For 2009/10 the abatement is reduced by 20%, for 2010/11 by 40%, for 2011/12 by 60% and for 2012/13 by 80%. The abatement will cease completely in 2013/14.

For presentation in the Section 251 Budget Statement, the allocation of Sixth Form Teachers Pay Grant is allocated to each secondary school pro-rata to its post-16 pupil number and added to the formulaic allocation.

14. MINIMUM FUNDING GUARANTEE PER PUPIL

Regulations provide that each school must receive a specified minimum increase per pupil in each year's Budget Share. The minimum increase is to be calculated for all schools and overrides the result of the funding formula if that is lower. The minimum level is set by the DFE and may vary each year

In 2011/12 the guaranteed level of funding per pupil allows a maximum reduction of 1.5% for all schools.

The LA and the Schools Forum have agreed to disapply the Minimum Funding Guarantee in relation to the Early Years Single Funding Formula on a continuing basis.

For 2011/12, certain mainstreamed grants have been excluded from the Minimum Funding with the approval of the Schools Forum or the Secretary of State.

14.1 Primary and Secondary Schools

Certain elements are excluded from the comparison:

- amounts for named pupils (for statements of SEN);
- national non-domestic rates on school buildings; and
- sixth form funding provided by the YPLA.

15 TEACHERS' UPPER PAY SCALE SUB-FORMULA

The amount to be distributed by this sub-formula is based on the number of Full Time Equivalent (FTE) Upper Pay Scale (UPS) posts reported on the School Workforce Census, which is submitted each January. This number of FTEs is multiplied by the additional cost of UPS1 over Main Scale 6. This cost would take into account the prevailing pay scales (e.g. for 2008/09: 5/12ths of September 2007 plus 7/12ths of September 2008) and oncost. An addition of 10% is made to allow for individuals on UPS2 and UPS3.

The total amount is distributed to schools pro-rata to the FTE number reported on the School Workforce Census. If the current year's School Workforce Census submission is not available then the results of an ad hoc survey of schools will be used.

Post-16 Element

The method covers all teachers irrespective of whether they teach Sixth Forms. The funding for Post 16 teaching comes as a separate allocation from the YPLA. For presentation in the Section 251 Budget Statement, this is notionally allocated to secondary schools in proportion to their Sixth Form pupil numbers and is shown as part of the allocation from the YPLA.

16 PERSONALISED LEARNING SUB-FORMULA

The amount of funding is derived from the 2006/07 allocations within Dedicated Schools Grant (DSG) uprated annually by the headline increase in DSG.

- 16.1** The KS3 allocation will be distributed –
- 15% pro-rata to pupils aged 11 to 15
 - 35% pro-rata to pupils aged 11 to 15 eligible for Free School Meals
 - 50% pro-rata to pupils scoring below 87 in KS3 CATS tests.
- 16.2** The Primary allocation will be distributed –
- 15% pro-rata to pupils aged 5 to 10
 - 35% pro-rata to pupils aged 5 to 10 eligible for Free School Meals
 - 50% pro-rata to pupils scoring below 87 in KS2 CATS tests or in the 5th quintile of the Foundation Stage Profile

17 UNFILLED PLACES SUB-FORMULA

The Local Authority has a statutory duty to secure sufficient places for the children in the area. The School Organisation Plan recognises that as a principle the Authority should operate with no more than 10% surplus places. For some years Kingston has operated at significantly less than this threshold. The unfilled places across the borough allow flexibility in provision from year to year as demand varies and also caters for parental preference. However, at any one time the proportion of unfilled places at individual schools varies according to parental preferences. At individual school level, the effect can be that classes have to be provided for uneconomic numbers of pupils. This sub-formula is intended to provide some compensation for schools that experience unfilled places which are in effect being held on behalf of the wider school community.

Under this sub-formula, funding is given in respect of Year R to Year 11, representing the period of compulsory schooling.

The number of places is measured by using the school's published admission number multiplied by the number of relevant year groups in the school.

Where certain year groups within a school were admitted against a different admission number, then the number of places will be calculated using the admission number that applied to each year group at its normal admission round.

Unfilled places, rounded to the nearest whole number, are funded on a banded basis with the number of places falling within each band attracting the funding specified, using the unweighted AWPU Unit of Resource for the year:

Unfilled places as a percentage of capacity	Funding Basis
5% or less	Nil
More than 5% but less than 10%	2.0% of AWPU Unit of Resource
More than 10% but less than 20%	12.0% of AWPU Unit of Resource
More than 20% but less than 30%	35.0% of AWPU Unit of Resource
More than 30% but less than 50%	10.0% of AWPU Unit of Resource
50% or more	Nil

18 ADDITIONAL CLASSES PROTECTION SUB-FORMULA

Certain schools have taken on an additional reception class to meet the exceptional increase in demand. In some cases demand may not quite reach the level initially reflected in applications and consequently some of the additional places may be vacant. As the affected cohort passes through the schools it is unlikely there will be a significant variation in the number on roll. It is therefore appropriate to provide some financial protection should the number of surplus places be significant.

This sub-formula funds the per pupil cost of a teacher (and non-teaching staff in Year R) for each unfilled place. Normally schools are expected to arrange their budgets to make up for a small number of unfilled places so funding is only given if the number of unfilled places exceeds 5% of the admission number for the year group (rounded down to the nearest whole number).

Numbers on roll are taken from the January School Census in common with the rest of the Formula. Affected year groups will be tracked through the school (or linked junior school) on a year-by-year basis. To avoid double funding, the relevant year group is deemed to be full in the calculation of the Unfilled Places Sub-Formula if support is being provided by the Additional Classes Protection Sub-Formula.

The calculation of the Additional Classes Protection Sub-Formula is based on the cost of a teacher on Main Scale Point 6 including employer's National Insurance and pension contributions, multiplied by 110% to allow for planning, preparation and assessment (PPA) time. This is enhanced by the cost of a teaching assistant on grade D (scale point 18) for the academic year the cohort is in Year R (this will involve part year funding of the teaching assistant element). The combined cost is divided by 30 and the result multiplied by the number of unfilled places

19 NEW SCHOOLS

For newly established schools, the fixed rate allocation will become applicable with effect from the date of appointment of the temporary governing body. The Authority's formula will apply in respect of AWPU, premises, premises insurance, admissions and new classes set-up from the date that the school is open to pupils. The additional educational needs, bi-lingual learners, free school meals, teachers' upper pay scale, personalised learning and early intervention formulas will be based on the scores for neighbouring LA schools. For new schools (or those where a complete additional year group is planned by the local authority), 7/12ths of the planned increase (i.e. from September) in pupil numbers would be added to the January pupil number count for funding purposes. There will not be any clawback or supplement should the actual September numbers prove to be different from the estimate.

The full formula budget will be allocated from the beginning of the term preceding that in which the school opens, as follows

Opening date	Formula funding to start
April	Preceding January
September	Preceding April
January	Preceding September

Where a decision to open a school is not made until after the start of the financial year, the budget will be calculated as above, and will be allocated from the school specific contingency.

For the purposes of this section, the terms "new school" and "newly established school" do not refer to a school which is established with the aim of replacing one or more existing schools.

20 CLOSING SCHOOLS

In the case of any school which has no registered pupils at the end of a financial year, the balance of its budget share at the end of that financial year shall revert to the Authority, and not be carried forward for the use of the school or a successor school. In the case of any school which has no registered pupils at the commencement of the financial year, the limit provided in the Scheme for the maximum reduction in the year-on-year reduction of budget share shall not apply in calculating the school's budget share for the financial year in question.

Budget shares for closing schools will be calculated on the basis of a full financial year and then apportioned by time until the closing date.

Schools that are closing or facing a planned loss of one complete year group will only be funded for those pupils for the summer. Therefore, for closing schools the January pupil number count will be reduced by 7/12ths for funding purposes for all pupils and for reducing schools 7/12ths of the planned year group number loss will be deducted from the January count.

21 AMALGAMATING SCHOOLS

Where a school amalgamation is approved by 31 March, to commence during the financial year, the combined schools will receive pro rata budget allocations. Assuming a September start date, these would be as follows

- 5/12 allocations in respect of the former separate schools
- 7/12 allocation in respect of the single school.

Where a school amalgamation is approved after 31 March, to commence during the financial year, the budget shares of the closing school(s) will be withdrawn for the period from the date of amalgamation until the end of the financial year and placed in the school specific contingency. A notional budget share for a full year for the single school shall be calculated as if it had been in existence at 1 April and the amount (if any) by which this exceeds the budget shares of the constituent schools up to the date of amalgamation shall be allocated to the single school from the school specific contingency.

The budget share of the single school shall be increased or reduced by a sum equal to the extent to which the closing schools have spent more than or have not spent all of their budget shares in any financial year; provided that any amount deducted must not exceed the amount the single school receives during the financial year as part of its budget share by virtue of being a new school.

To ease the introduction of new management structures, amalgamating schools will be allocated an additional sum as set out in the following table, phased out over a five year period, using the anniversary date of the amalgamation to determine the change in levels of funding.

Year 1 (commencing on amalgamation date)	A sum equal to a flat rate allocation under the Small Schools Sub-Formula
Year 2	80% of a flat rate allocation under the Small Schools Sub-Formula
Year 3	60% of a flat rate allocation under the Small Schools Sub-Formula
Year 4	40% of a flat rate allocation under the Small Schools Sub-Formula
Year 5	20% of a flat rate allocation under the Small Schools Sub-Formula

This sub-formula would not apply to schools with split sites, as these already qualify for a second flat rate allocation under the Premises Sub-Formula.

22 DEPRIVATION FUNDING

The allocations are based on weighted free school meals (FSM) numbers using bands based on FSM percentages to create the weights. The weights used are:

	Weight
Least deprived quintile	1
Second quintile	2
Third quintile	3
Fourth quintile	4
Most deprived quintile	7

The level of deprivation is based on the percentage of pupils entitled to FSM.

The allocation is the product of the number of pupils entitled to FSM, the relevant weight and a unit of resource.

23 ADVANCED SKILLS TEACHERS (ASTs)

Advanced Skills Teachers (ASTs) are teachers who have been recognised through external assessment as having excellent classroom practice. They are given additional payment and increased non-contact time in order to share their skills and experience with other teachers, within their own school and from other schools.

The unique feature of the AST post is a commitment to 20% (1 day a week) outreach to work with other schools and LA teams. Schools apply to the Authority for funding for an AST post and have to make a commitment to achieve the required 20% outreach. If the Authority agrees to fund the post, it will fund the salary uplift and 20% outreach through the Formula.

Funding is given at a rate of £12,000 per AST per year. The allocation is made at the beginning of the financial year for ASTs in post on 1 January or from the date of appointment for later appointments, provided they are not funded from other sources. Funding is withdrawn from the leaving date in the event of a resignation.

24 EARLY YEARS SINGLE FUNDING FORMULA

Basic Hourly Rate

- 24.1. Four classes of provision have been identified and these are set out below with the hourly rate stated at the 15 hours per week level at 2011/12 prices:

Type of provision	Hourly rate
Maintained nursery class	£3.37
Maintained nursery school	£6.09
Full day care PVI provider	£3.90
Sessional PVI provider	£3.85

- 24.2. The rates were determined by cost analysis. They contain an allowance for under-occupancy of 1.5% for all settings except maintained nursery schools when is 5%.

- 24.3. They will be uprated annually using estimated composite indices as follows:

Type of provision	Composite index
Maintained nursery class	60% teachers pay; 30% other pay; 10% RPI
Maintained nursery school	60% teachers pay; 30% other pay; 10% RPI
Full day care PVI provider	90% other pay; 10% RPI
Sessional PVI provider	90% other pay; 10% RPI

As the indices will be estimated in advance, actual inflation will be substituted for estimated inflation when setting the levels for subsequent years.

Normally, the inflation addition will be capped at the percentage increase in the DSG guaranteed unit of funding, however, this cap has been waived for 2011/12.

- 24.4. The hourly rates will be multiplied by the hours of participation. The initial formula allocation will be calculated before the beginning of the financial year using planned hours. It is anticipated that this will generally be the same as the hours recorded in the previous year. As each termly count takes place, the amount of funding will be re-determined substituting the actual number of hours for the planned number of hours.

Deprivation Supplement

- 24.5. The authority is required to include a factor for deprivation in its Early Years Funding Formula. Normally the authority uses Free School Meals (FSM) as a proxy measure for deprivation. However, it cannot be used in the Early Years Formula as few nursery pupils in schools are entitled to claim (as only those attending education before and after the meal are eligible) and pupils in PVI settings are not within the scope of the scheme at all.
- 24.6. Instead the authority intends to measure deprivation using Tax Credit Data compiled by HM Revenue and Customs and published by the DFE.

24.7. In essence, England has been divided into a number of Super Output Areas (SOAs) and these have been ranked using the number of Tax Credit claimants in each area. Each child's postcode has been recorded in the Census and so each can therefore be allocated to an SOA. It is then possible to calculate which pupils fall within a band of the 15% most deprived.

24.8. The supplement is paid in two elements:

- a. A supplement of 27p per qualifying child hour for each pupil (2011/12 value) falling within the 15% most deprived band, equivalent to £153.90 over a year; plus
- b. A further supplement of 11p per qualifying child hour (2011/12 value) to settings where more than 25% of their nursery pupils come from addresses within the 15% most deprived band.

24.9. The supplements will be calculated by reference to the Pupil Census carried out in the January preceding the financial year. They will not be adjusted in respect of later data.

24.10. The supplements will be updated annually in line with RPI.

24.11. Settings will not be able to identify qualifying children.

24.12. The deprivation supplement will not be paid in respect of pupils at independent schools. This is because it is unlikely that parents able to pay independent school fees will be claiming tax credits.

Sufficiency Supplement

24.13. Under the Childcare Act 2006 local authorities have a duty to secure sufficient childcare. Sufficient childcare means providing enough childcare for parents to work, or to access training which will lead to work. They are further required to carry out an assessment of the sufficiency of childcare within their area as a first step to securing sufficient childcare.

24.14. Settings will be expected to cope with a vacancy level of up to 5% of registered capacity within existing resources and reserves.

24.15. Subject to the Strategic Manager Early Years Education and Childcare certifying that the sufficiency assessment indicates a need to retain a setting, a termly supplement will be payable after each termly count has been completed. This will be calculated as follows:

$$W \times H \times 15 \times (R - (A + (R \times 0.05))) \times 0.9$$

where

W is the number of weeks in term

H is the appropriate Basic Hourly Rate

R is the registered capacity of the setting customarily available for 3 or 4 year olds

A is the actual funded hours per week divided by 15.

- 24.16. This calculation would fund a setting for vacant full time equivalent places after the first 5% at 90% of the full funding level. The possibility of an allocation can be considered each term.
- 24.17. Exceptionally, the DFE guidance states that there should be a presumption against closing a nursery school and this will be taken to override consideration of the sufficiency assessment in deciding whether a supplement should be paid. Also exceptionally for 2010/11 and the summer term of 2011/12 only, a maintained nursery class will qualify for sufficiency funding if the Governing Body resolves, with the Authority's support, to reduce the provision offered from September 2011.
- 24.18. No setting, including the nursery school, may receive a sufficiency supplement for more than six consecutive terms unless the Schools Forum sanctions its continuation.

Transitional Supplement

- 24.19. The DFE guidance indicates that transitional arrangements should not extend over more than three years. These are intended to smooth the transition for any setting experiencing a significant reduction in funding. The proposed calculation will only apply to schools as it is impossible for a PVI provider to be adversely affected by the change in methodology.
- 24.20. The supplement will be calculated as follows:
- a. A baseline funding level will be calculated using the methodology prior to the EYSFF. For 2011/12 the January 2011 pupil count will be multiplied by the 2011/12 AWPU nursery unit of resource and added to the 2011/12 EAL pupil units multiplied by the 2011/12 EAL unit of resource to give baseline funding.
 - b. This will be compared to the actual total funding receivable in 2011/12 using the current methodology.
 - c. 75% of any adverse difference will be paid in 2010/11; 50% in 2011/12 and 25% in 2012/13.
 - d. The supplement will be on an estimated basis paid termly and adjusted to an actual basis subsequently.

- 24.21. It is anticipated that the most likely setting to qualify will be the nursery school, as its funding alone is changing from places to participation. However, this formula will also serve to protect nursery classes if their termly participation rates would lose funding compared to the single annual count.

Specialist Resourced Provision (SRP) Supplement

- 24.22. It is intended to continue funding the SRP for nursery age children on an unchanged basis. This is located at Castle Hill Primary School (Speech & Language), Knollmead Primary School, King's Oak Primary School, Surbiton Children's Centre Nursery and Tolworth Infants School (all Autistic Spectrum Disorders).
- 24.23. The methodology is as follows:

24.24. Funding depends on the level of provision and number of places agreed in the Service Level Agreement for each specialist provision, and materials costs dependent on the number of pupils actually on roll.

Types of Expenditure

24.25. Costs associated with running each unit fall into three categories:

- fixed costs - these exist irrespective of the number of pupils at the unit, and cover rents, administration costs, etc.
- semi-variable costs - these vary indirectly with changes in pupil numbers and include teaching and non-teaching staff, and supply cover.
- variable costs - these vary in direct proportion to the number of pupils on roll: e.g. materials and consumable items.

Funding Elements for SEN Specialist Resourced Provision

Place Funding

24.26. In order to ensure that staffing levels are protected from temporary fluctuations in pupil roll, and that the number of places available at each SEN specialist provision is in accordance with that agreed in its service level agreement (see 24.28 below), the fixed and semi-variable costs are totalled and used to calculate differential place funding for each example of specialist provision.

Materials Funding

24.27. The variable element of the funding is used to arrive at a materials cost for all types of SEN specialist provision (i.e. this varies in direct ratio to the number of pupils on roll but does not vary with the type of provision).

Service Level Agreement

24.28. Each SEN specialist provision has a service level agreement agreed between the 'host' school's governing body and the LA. This includes the type of need provided for, expectations on specialist provision and staffing levels that govern both the place funding and the number of places at each specialist provision.

Specialist SEN Resourced Provision Funding

24.29. Each SEN specialist provision annual funding is therefore made up of:

- i) the product of the place funding for the type of provision multiplied by the number of places, all as set out in the service level agreement, PLUS
- ii) the product of the materials funding multiplied by the number of pupils actually on roll.

Places reserved for social care purposes at Surbiton Children's Centre Nursery School

24.30. Historically, the authority has requested the school to reserve two PTE places for urgent admissions for social care reasons. The Governing Body has requested specific funding if this facility is to remain available. The authority proposes to create an additional supplement to be set at 2 places x 15 hours per week x hourly rate x 38 weeks. All occupancy thresholds would be adjusted to count these places as filled. If there was not sufficient spare

capacity to provide the two places during the sample week, then the supplement would be reduced pro-rata to avoid double counting.

Full-time Places Supplement

24.31. A limited number of full-time places to children with exceptional family or social needs are funded. It should be noted that the Authority would not receive any additional Government funding in respect of these places. The eligibility criteria are set out in Enclosure 2.

24.32. Additional funding would be provided in the form of a supplement. This would fund the additional 15 hours per week of any placement made plus, but only until the end of that term, the first 15 hours if the placement was made after the termly count had taken place.

24.33. Eligibility Criteria

An application for a full time nursery place may be made in cases of exceptional family or social need, which is verified by professionally supported evidence.

One or more of the following examples of family circumstances may be considered to be exceptional family or social need.

- Child in the Care of the Local Authority (CIC)
- Child is subject to a Child Protection Plan
- Social care services are involved with the child
- The family are experiencing housing difficulties, for example homelessness, or living in temporary accommodation
- The family are asylum seekers
- Family health problems, for example parental mental health problems or chronic illness
- Excessive care responsibilities

Schools must undertake to make suitable lunch time arrangements for these children. Applications must be supported by the Headteacher or Manager. Services working with a family who they think may be eligible and would like to take advantage of this option should apply to the Headteacher or Manager of the setting concerned.

The number of places available across the Borough is limited to 10 for an academic year, split across the three admission dates, although placements may be made at any time. Applications will be decided by the Director of Learning and Children's Services, advised by a Nursery Panel consisting of three Borough officers and two headteachers. The Panel may act by email correspondence or by meeting as the occasion demands. Children from outside the Borough are eligible for consideration.

25 MAINSTREAMED GRANTS SUB-FORMULA

- 25.1 From 1 April 2011 a number of previously separate specific grants were combined into the Dedicated Schools Grant and therefore began to be distributed by the local funding formula.
- 25.2 The underlying principle is that each school's 2010/11 allocation is adjusted by the change in pupils at that school, thereby keeping the allocation per pupil the same in 2011/12, unless the funding stream itself has been reduced.
- 25.3 The detailed method to be used to incorporate each ceasing funding stream in the local funding formula is set out in the following table:

Name of Former Grant	Previous Allocation Basis				New Allocation Basis at school level <i>Note all pupil numbers to cover Years R to 11</i>
School Standards Grant	£12,000 per school plus £120/£130 per primary/secondary pupil or at least a minimum increase of 2.1% per pupil on previous year				£12,000 per school plus each school's pupil allocation divided by January 2010 pupil number and multiplied by January 2011 pupil number
Schools Standards Grant (Personalisation)	Type of School	Pupil Unit (£)	FSM Unit (£)	Low prior attainment unit (£)	Divide each school's 2010/11 allocation by January 2010 pupil number and multiply by January 2011 pupil number (separate calculation for each ceasing grant stream)
	Infant	5	72	119	
	Junior & Primary	5	72	119	
	Secondary	14	225	196	
School Development Grant (excluding Specialist Schools and High Performing Specialist Schools and Advanced Skills Teachers).	Historical targeted basis plus 1% pro-rata to pupils and 1% pro-rata to Free School Meals pupils				
Specialist Schools and High Performing Specialist Schools Grant.	A variety of per school and per pupil rates				
Post LIG Deprivation Grant	Historical targeted basis				
School Lunch Grant	Amount per pupil				
1-2-1 Tuition	Targeted – some held centrally				
Diploma Formula Grant	Targeted				
London Pay Addition Grant	Weighted teacher FTEs				

Name of Former Grant	Previous Allocation Basis	New Allocation Basis at school level <i>Note all pupil numbers to cover Years R to 11</i>
Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)	Targeted	Distributed to schools on the basis of a 50% equal share per mainstream school plus 50% pro-rata to free school meals pupil numbers with separate totals for the primary and secondary sectors.
Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)	Targeted	The Secretary of State disapplied the Minimum Funding Guarantee in respect of this element.
Extended Schools – Sustainability	Targeted – some held centrally	Distributed to schools on the basis of 50% pro-rata to full time equivalent pupil numbers plus 50% pro-rata to free school meals pupil numbers, modified to give specific allocations of £41,450 to Dysart School and £1,895 to Surbiton Children’s Centre Nursery.
Extended Schools - Subsidy (New Horizons in Kingston)	Targeted – subject to pupil eligibility	The Schools Forum disapplied the Minimum Funding Guarantee in respect of this element.
Advanced Skills Teachers	Funding follows relevant posts in schools	See Section 23
Ethnic Minority Achievement (EMAG)	Targeted to qualifying pupils	

- 25.4 A scaling factor will be calculated for each grant to change the total to be allocated based on the 2010/11 allocation to match the total amount mainstreamed into DSG. The scaling factor will be applied pro-rata to each school’s allocation of that grant.
- 25.5 The scaled allocations calculated using the methods in the third column would then be aggregated to form a baseline. The baseline would also form a starting point for any future years of the local formula.

26 ETHNIC MINORITY ACHIEVEMENT SUB-FORMULA

26.1 The Authority continues to use the same methodology in the local formula as has been used to allocate this grant since 2007/08. Qualifying pupils are weighted as follows:

Category	Weight
EAL pupils new to English	3
EAL pupils with a functional level of English	2
Pupils from Underachieving Black and Minority Ethnic (BME) Groups	1

26.2 The first two pieces of data are collected from schools especially for the purpose while the third piece is available from the School Census. Note it is possible for the same pupil to count in one of the EAL categories as well as the underachieving BME category.

Special Schools

27 PLACE FUNDING

This formula factor allocates the main part of each school's funding. Its purpose is to fund all class based staffing costs. Places in each school are banded to reflect the amount of adult support each child requires regardless of their need type. The levels of adult support for each band, together with brief descriptions, are detailed in Table 1.

27.1 The Place Number

The number of places commissioned will be agreed annually by the LA and the schools on at least a two or three yearly basis to align with the multi-year funding periods.

The number of Commissioned Places is defined as

The actual number of f.t.e. pupils on roll on School Census Day

PLUS Any known starters in April (funded for a full year)

PLUS The net increase in pupils arising from planned transitions for September in accordance with 15th February Statement date (funded for 7/12th of the year)

PLUS Pupils where the Authority is aware of a probable transfer during the year (funded from the probable transfer date). Probable RBK transfers are pupils whose reviews and/or parental preference have been the subject of the SAAG. Probable OLA transfers are those where the Schedule 27 consultation has been initiated by the home LA and the school has indicated they can meet the pupil's needs.

If exceptionally, pupils are admitted above the commissioned number of places, appropriate funding will be provided, calculated taking into account the banding of pupils being admitted or leaving the school. This will be determined from the October Census information and each additional pupil over the commissioned number will be funded for 7/12th of the year for the net overall increase in cost. The date an early years pupil starts attending full time should also be taken into account.

27.2 The Place Number for each band

This will be re-determined each year based on the bandings of pupils on roll at January School Census date.

The initial banding assigned to a pupil shall be that agreed by his/her home authority. Any proposed variation to a pupil's banding shall be considered at that pupil's annual or interim review which shall make a recommendation to the pupil's home authority. No change shall be implemented unless the pupil's home authority has agreed the new banding and date of implementation.

Any additional places will be placed on the bands in the same proportion as the actual school population based on the January School Census date, unless the banding of an additional pupil is known by the January School Census date.

27.3 Cost of a single place

The cost of a place within each band will be re-calculated annually using the adult support levels detailed below. The salary costs to be used, which are based on the average costs of Kingston's special school teaching and support staff, shall be calculated on the basis of:

Teaching Staff: $UPS2 + SEN2 (+10\% \times (UPS2 + SEN2))$ for PPA)

Support Staff: Spinal Column Point 12

The descriptors of Bands 1 to 6 are set out in Table 1. The cost of a place at each of bands 1 to 6 will be calculated using these factors:

Band	Pupils per Class	Teachers per Class	Teaching Assistants per Class
1	12	1	0.5
2	10	1	1
3	7	1	1
4	7	1	2
5	7	1	3
6	7	1	5
7	Individually agreed by pupil's home authority		

The funding calculation will use the actual or estimated pay scales for the relevant financial year.

27.4 Band 7 Funding

Band 7 may only be assigned to pupils whose needs are greater than those described for Bands 1 to 6. Pupils in Band 7 shall be allocated the funding agreed by the pupil's home authority. The nature and costs of the provision shall be agreed in advance of the pupil's admission. Any proposed variation to the provision shall be considered at that pupil's annual or interim review which shall make a recommendation to the pupil's home authority. No change shall be implemented unless the pupil's home authority has agreed the new provision and date of implementation.

Exceptionally, the costs of any in-year admissions of pupils assigned to Band 7 or the in-year movement of an existing pupil to Band 7 or significant in-year variations to the level of provision may be met from the Exceptional Needs budget within the Schools Budget. These costs must be agreed in advance by the pupil's home authority. Where Kingston upon Thames is the pupil's home authority, this decision shall be taken by the Statutory Assessment Advisory Group (SAAG) based on a recommendation from a panel consisting of all three special school headteachers and the Director of Learning and Children's Services or his/her representative. SAAG, following the recommendation of this panel, may also agree to use the Exceptional Needs budget to purchase major items of equipment to meet individual Kingston pupil's educational needs in excess of normal spending levels.

27.5 Total Band Funding

The funding for each band for each school under this element of the formula is the product of:

The number of places in each band, and

The cost of a place within that band.

The total place funding for each school is the sum for each of the bands.

28 CORE FUNDING

The purpose of this formula factor is to fund all other staff costs (non-class based) and non-pay expenditure, net of income. It is delivered by two sub-formulas, the first distributing the base element and the second (from 2011/12) the former grants element.

28.1 Base Element

The lump sum allocated to each school reflects the different characteristics of each school.

Each school will be allocated an amount equal to the Secondary Schools Flat rate for the previous financial year, enhanced by the special schools minimum funding guarantee percentage, weighted by a factor reflecting the different characteristics of each school as follows:

School	Weight
Bedelsford	1.3
Dysart	1.3
St Philip's	1.9

This links the annual increase to the previous year's mainstream AWPU increase.

29 POST 16 CURRICULUM SUPPLEMENT

The purpose of this formula factor is to fund the additional curriculum costs of post 16 provision, such as supporting access to work experience, college placements, residential journeys, leavers' programme activities, etc.

The unit of resource will be increased each year in line with the minimum funding guarantee. The number of pupils will be the number of post 16 pupils as recorded on School Census for the preceding January or as assumed in the total number commissioned by the local authority.

30 PERSONALISED LEARNING

The allocation between special schools will be made on the basis of numbers of pupils in the relevant age ranges, i.e. aged 5 to 10 for Primary Personalised Learning and aged 11 to 15 for KS3 Personalised Learning.

31 SCHOOL MEALS

Bedelsford School operates its own meals service and is allocated formula funding for its school meals service. The formula has two elements:

- a. Subsidy per pupil multiplied by unweighted FTE pupil number per School Census. The initial subsidy level was established by reference to actual expenditure at the three special schools. It is updated annually in line with appropriate indices.
- b. Income lost per free school meal pupil multiplied by free school meal pupils per School Census. Income lost is calculated with reference to the charge for paid meals.

At their specific request, neither Dysart nor St Philip's Schools have been given delegated responsibility for the provision of school meals and therefore receive no funding from this sub-formula.

32. FORMER GRANTS ELEMENT

A lump sum of £55,000 per school plus £225 per full time equivalent pupil.

33 MINIMUM FUNDING GUARANTEE

The funding guarantee works differently for special schools. Because nearly all such schools are funded on the basis of places rather than pupil numbers, it is not thought appropriate to have a guarantee based on an increase per pupil. Instead, the regulations provide for the following:

- a requirement for the cash value of funded places at special schools to be increased by a guaranteed percentage compared with the previous year. In 2011/12 the minimum level of increase per pupil is set at -1.5% for all schools.

- a requirement for the number of funded places at a special school to be at least as great as the numbers on roll at School Census day. This is designed to ensure that the number of places at a school is not reduced unreasonably compared with the previous year, leaving schools with a significantly lower budget share.

SPECIAL SCHOOLS FUNDING FORMULA (PLACE FUNDING) BANDS**Band 1** (12 children, with nominally, 1 teacher and 0.5 Teaching Assistant)

- Typically an MLD pupils who is able to manage within the general organisation and curriculum of the school, without, generally requiring any resources additional to the base classroom staffing.

Band 2 (10 children with 1 teacher and 1 Teaching Assistant)

- Typically pupils who can manage within the overall organisation and curriculum but who, on occasions/possibly regularly but not too frequently, require some low level additional supervision and intervention from others.

Band 3 (7 children and 1 teacher and 1 Teaching Assistant)

- Typically pupils who can manage only within a small group and who require close supervision and interventions from staff - sometimes from senior staff. These pupils may be aggressive and may require restraint, but only very infrequently. Other pupils may be immature, unpredictable and impulsive. They may have medical needs which require school staff to provide a level of support throughout the day.

Band 4 (7 children with 1 teacher and 2 Teaching Assistants)

- Typically pupils need regular, additional time from a range of adults. They may make frequent, possibly constant, demands for support because of their learning/behavioural difficulties and/or because of their dependency on adults for their self help/care needs. These pupils can be very challenging on a frequent basis, have no regard for their own safety or the safety of others and are very vulnerable without high levels of supervision. They may also require staff support because of personal/manual handling reasons or medical needs or frequent restraint.

Band 5 (7 children with 1 teacher and 3 Teaching Assistants)

- Typically these pupils require constant interventions on a daily basis from a range of adults. They may be unable to interact greatly with other pupils and staff due to learning and/or social difficulties and 1:1 teaching is required for much of the day. They may need high levels of adult support in movement and escorting and could have significant medical needs which impact on the demands placed on staff in the classroom and around social meal times. Some may be extremely violent, unrestrained and a danger to themselves and others are requiring high frequency calming and physical intervention.

Band 6 (7 children with 1 teacher and 5 Teaching Assistants)

- Typically requires 1:1 attention for the vast majority of the time and individually designed curriculum. Some pupils may have very little understanding and are unable and/or unwilling to manage their behaviour or reflect on its consequences for others. Violence is a constant of their day and 1:1 supervision is necessary within the playground and at social times. Other pupils may have profound and multiple learning difficulties with substantial sensory loss and significant medical needs, necessitating constant 1:1 specialist adult support.

SUMMARY OF MINIMUM INSURANCE COVER FOR SCHOOLS

Note: This is not a statement of the cover provided under the Authority's policy.

1. MINIMUM INSURANCE COVER REQUIREMENTS: COMMUNITY AND FOUNDATION SCHOOLS

Community and Foundation schools taking out their own insurance must secure, as a minimum, cover requirements which are at least as good as those stated here. These requirements do not include the optional computer equipment or 'top up' cover currently provided for within the LEA's own insurance policy and already paid for from schools' budget shares.

Cover may conveniently be divided under the following headings:

1.1 Fire, Lightning, Explosion, Damage by Aircraft, Riot and Civil Commotion

This covers Loss or Damage to the school building, fixtures, fittings and all other contents belonging to the school. Also covered is additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the interruption of or interference with the operation of the school as the result of any of the causes listed.

1.2 Storm, Flood, Malicious Damage, Earthquake, Escape of Water from any Tank, Apparatus or Pipe, and Impact by any Vehicle or Animal.

This covers Loss or Damage to the school building. Storm and Flood claims are subject to the exclusion of the first £100 of every loss; for the remaining causes, the exclusion is the first £250. Also covered is additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the interruption of or interference with the operation of the school as the result of any of the causes listed.

1.3 Theft

This covers theft of school property involving forcible entry to or exit from a school building. Cover is subject to the exclusion of the first £600 of every loss.

1.4 Public and Employers' Liability (Governors' Insurance)

The Limit of Indemnity is £25,000,000. This indemnifies the Council and all staff, governors and authorised volunteers in respect of their legal liability for accidental bodily injury to any person or damage to property not belonging to the insured, arising in the course of their official or voluntary duties.

1.5 Officials' Indemnity

The Limit of Indemnity is £2,000,000. This indemnifies the governors and all staff in respect of their legal liability for Financial Loss arising as a result of a negligent act, accidental error or omission in the course of their official duties.

1.6 Fidelity Guarantee

The Limit of Indemnity is £5,000,000. This indemnifies the Council and school in respect of money or other property belonging to the Council or school occurring as a direct result of any act of fraud or dishonesty committed by any member of staff or school governor.

1.7 Libel & Slander

The Limit of Indemnity is £500,000. This indemnifies all staff and governors in respect of all sums they may become legally liable to pay as damages for libels and slanders written or spoken arising out of and in the course of the discharge of their official duties. Governors are required to bear 10 per cent of all sums payable on their behalf. Losses arising from malicious falsehood or injurious falsehood are not covered.

1.8 Money

Loss of money is covered, subject to the following limits and subject to acceptable security precautions:

- a) from an approved locked safe up to £2,500;
- b) from any other safe: up to £500;
- c) from any other locked receptacle: up to £500;
- d) in the custody of an employee in transit or under the actual supervision of employees on the school premises: up to £7,500.

1.9 Engineering

Some schools have pressure plant or lifting equipment that is inspected to comply with the appropriate statutory Regulations.

2. MINIMUM INSURANCE COVER REQUIREMENTS: VOLUNTARY AIDED SCHOOLS

Voluntary Aided schools taking out their own insurance must secure, as a minimum, cover requirements which are at least as good as those stated here. These requirements do not include the optional computer equipment or 'top up' cover currently provided for within the LEA's own insurance policy and already paid for from schools' budget shares. For Voluntary Aided schools, damage to buildings is not included within the LEA's policy as this is the liability of their governing bodies.

Cover may conveniently be divided under the following headings:

2.1 Fire, Lightning, Explosion, Damage by Aircraft, Riot and Civil Commotion

This covers Loss or Damage to the school's fixtures fittings and all other contents. Additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the interruption of or interference with the operation of the school as the result of any of the causes listed.

2.2 Theft

This covers theft of school property involving forcible entry to or exit from a school building. Cover is subject to the exclusion of the first £600 of every loss.

2.3 Public and Employers' Liability (Governors' Insurance)

The Limit of Indemnity is £25,000,000. This indemnifies the Council and all staff, governors and authorised volunteers in respect of their legal liability for accidental bodily injury to any person or damage to property not belonging to the insured, arising in the course of their official or voluntary duties.

2.4 Official's Indemnity

The Limit of Indemnity is £2,000,000. This indemnifies the governors and all staff in respect of their legal liability for Financial Loss arising as a result of a negligent act, accidental error or omission in the course of their official duties.

2.5 Fidelity Guarantee

The Limit of Indemnity is £5,000,000. This indemnifies the Council and school in respect of loss of money or other property belonging to the Council or school occurring as a direct result of any act of fraud or dishonesty committed by any member of staff or school governor.

2.6 Libel & Slander

The Limit of Indemnity is £500,000. This indemnifies all staff and governors in respect of all sums they become legally liable to pay as damages for libels and slanders written or spoken arising out of and in the course of the discharge of their official duties.

Governors are required to bear 10 per cent of all sums payable on their behalf. Losses arising from malicious falsehood or injurious falsehood are not covered.

2.7 Money

This covers Loss of money, subject to the following limits and subject to acceptable security precautions:

- a) from an approved locked safe: up to £2,500;
- b) from any other safe: up to £500;
- c) from any other locked receptacle: up to £500;
- d) in the custody of an employee in transit or under the actual supervision of employees on the school premises: up to £7,500.

ROYAL BOROUGH OF KINGSTON UPON THAMES

CHEQUE BOOK SCHEME

1. PARTICIPATING SCHOOLS

The Government's new Fair Funding policy requires LAs to allow any school to request that it operates its own bank account, into which its whole budget share may be paid.

2. IMPLEMENTATION DATE

Any school is able to operate its own bank accounts if desired.

2.1. Period of Notice

Arrangements for any school wishing to opt for a bank account may only be made from the beginning of each financial year, after giving three months notice. The Bank Account must be in the name of the school.

2.2. Deficit Balance from previous year

Any school requesting a bank account shall not be able to have one until any deficit is cleared.

The following rules will govern payments to and from the cheque book account

3. USES OF THE CHEQUE BOOK ACCOUNT

The following rules govern payments to and from the cheque book account:

3.1. It must meet:

- **ALL** expenditure included in delegated budgets
- **ALL** earmarked funding from central funds such as Standards Fund, Pupils for Statements (where applicable). All expenditure credited to a school for such expenditure **MUST** be accounted for separately.

3.1.1. It **MUST NOT meet;**

- **ANY** items relating to unofficial funds
- **ANY** non-LA activities such as unsubsidised school trips.

3.1.2. It can receive money **ONLY from:**

- advances from RBK
- VAT and tax reimbursements
- any income which may be generated (e.g. lettings)
- contributions towards school expenditure by charities, school funds etc.

4. INVESTMENTS

It will not be possible for a school with a Bank Account to invest any monies with the Authority. However, any school wishing to invest in any other institution should refer to Appendix 1 for guidance and Appendix 2 for the list of approved banks and building societies.

5. OVERDRAFTS AND BORROWING BY SCHOOLS

5.1. Overdrafts

Schools **MUST NOT** overdraw their bank account or make arrangements with their bankers for overdrafts, loans or other forms of credit or deferred purchases. Schools **MUST NOT** themselves offer any security to the bank.

5.2. Borrowing by Schools

Governing Bodies may borrow money **ONLY** with the written permission of the Secretary of State. (This does not apply to loans to be repaid from voluntary funds held by Voluntary Aided or Foundation Schools, whose borrowing, as private bodies, makes no impact on Government accounts.) Any such debts may not be serviced directly from schools' delegated budget shares. However, schools are free to agree to charge for any service which the Trustees or Foundation may provide as a consequence of their own borrowing.

6. BANKING ARRANGEMENTS

The Authority's Scheme for Financing Schools under Section 48 of the School Standards and Framework Act 1998 states:

"The Director of Finance will maintain a list of at least ten banks or building societies at which accounts may be held for the purpose of receiving budget share payments"

6.1. Restrictions on Accounts

Under the Kingston Scheme, a school may choose to operate its bank account at any branch of any established clearing bank or building society included in the approved list attached as Appendix 2 to this Scheme. Other banks and institutions may be considered by the Director of Finance for inclusion on the list. The Director of Finance may revise the list from time to time.

Schools **MUST** notify Learning and Children's Services Finance of the bank(s) used and the numbers of all accounts opened.

6.2. Costs of the Scheme

6.2.1. Banking Costs

Any charges made by the bank chosen by the school will be met from within the School Budget Share

6.2.2. Interest on Bank Accounts

Schools will retain any interest earned by their account, and bear any overdraft charges arising in the event of unauthorised overdrawing. Please refer to Section '5' - Overdrafts.

6.3. Authorising Payments

ALL cheque payments from a school bank account will require two authorised cheque signatories. The Head Teacher shall maintain an approved list of signatories including specimen signatures, a copy of which will be sent to Learning and Children's Services Finance.

7. CREDITING THE ACCOUNT

7.1. The bank account of each participating school will be credited as follows:

	Proportion of Total Relevant Budget
1 st April	3.00%
28 th April (or previous working day)	8.33%
28 th May (or previous working day)	8.33%
28 th June (or previous working day)	8.33%
28 th July (or previous working day)	8.33%
28 th August (or previous working day)	8.33%
28 th September (or previous working day)	8.33%
28 th October (or previous working day)	8.33%
28 th November (or previous working day)	8.33%
December (relevant previous working day)	8.33%
28 th January (or previous working day)	8.33%
27 February (or previous working day)	8.33%
28 th March (or previous working day)	5.37%
TOTAL	100.00%

The normal Authority payday is the 29th of each month and salary costs will be deducted on 29th of each month or the nearest previous working day. Where, exceptionally, the Borough pay day is varied, advances will be made on the previous banking day.

7.2. Adjustments to Instalments

Adjustments which arise from the overall surplus or deficit from the financial year preceding the opening of the school's own bank account, will be made by or to the September instalment, plus interest at the 7 day money market rate for the period from April.

7.3. Interest Charges made by the Local Authority

In the case of sums becoming due from a school to the Authority, interest at the 7 day money market rate, will become due if the debt is not settled within 28 days of the date of the invoice, unless a bona fide query is unresolved and payment is deferred with the agreement of both parties.

8. FINANCIAL PROCEDURES

8.1. Schools must ensure that all transactions on their bank accounts comply with the Authority's Financial Regulations for Schools and with relevant, current accounting instructions and procedures issued by the Director of Finance and/or the Director of Learning and Children's Services.

8.2. Schools must keep their records in such a manner that allows provision of analysis of income and expenditure in the form(s) as may reasonably be required by the Director of

Finance and/or Director of Learning and Children's Services. This information may be used for monitoring and budgetary purposes, for compilation of returns prescribed by the Government, and for other purposes.

8.3. Adequate accounting and other financial records shall be maintained by schools and these shall be subject to audit by the Authority's external and internal auditors.

8.4. Delegated Payroll

8.4.1. Schools with their own bank accounts are responsible for appointing and paying a contractor to calculate and make all associated payments, including net pay, and accounting for all tax, national insurance and superannuation contributions and other deductions from pay.

8.4.2. Schools may appoint the Council's payroll contractor subject to the terms and conditions of the Council's overall contract and to such other conditions as may be appropriate. The amount of net pay due on paydays and other settlement days will be claimed from the school's bank account under direct debit arrangements.

8.4.3. Schools may appoint any other payroll contractor subject to the approval of that contractor, which shall not be unreasonably withheld, by the Director of Finance.

8.4.4. Schools shall be responsible for making all payroll and associated payments (including Income Tax deductions, National Insurance contributions (employer's and employee's), superannuation contributions (employer's and employee's) and any other relevant payments by or on the specified dates. Any interest or other penalty levied as a result of failure to make payments on time shall be borne by the school.

8.5. Construction Industry Tax Deduction Scheme H.M. Revenue and Customs

If a school fails to comply with the requirements of the Construction Industry Tax Deduction Scheme, or any other requirement of H M. Revenue and Customs, and as a consequence additional tax, National Insurance contributions, interest or penalty becomes payable by the Authority, then such additional cost shall be borne by the school's delegated budget.

9. VALUE ADDED TAX

9.1. Schools will initially bear the cost of VAT from within the advances of their School Budget Share. Each month a claim must be submitted to the Authority (Learning and Children's Services Finance) within 14 days of the end of each monthly accounting period:

9.2. VAT Returns

Upon receipt of the returns, the Authority will reimburse the VAT to the school within 28 days. Late reimbursements will attract interest at the seven-day money market rate.

9.3. Non Compliance

If a school fails to comply with any VAT laws, procedures or Revenue and Customs requirements and as a consequence additional tax, interest or penalty becomes payable by the Authority, then such additional cost shall be borne by the school's delegated budget.

10. STATEMENTS OF EXPENDITURE AND INCOME

10.1. Quarterly Statements

Schools must ensure that a Statement of Expenditure and Income is submitted to Learning and Children's Services Finance within 14 days of the end of each quarter.

First Quarter Report	End of June
Second Quarter Report	End of September
Third Quarter Report	End of December
Fourth Quarter Report	End of March

The format of the report will be agreed between the school and Learning and Children's Services Finance.

10.2. Annual Statement

A final statement for the financial year will be required at the end of June on a more detailed subjective basis to enable the LA to complete of statutory returns, including Consistent Financial Reporting.

11. THE CHEQUE BOOK SCHEME AND FMS

11.1. The SIMS Financial Management for Schools module (FMS) requires certain changes to be made to reflect that payments are to be made locally instead of centrally. Schools will not be able to utilise both methods.

11.2. Details of the school's bank account must be defined on the FMS system, e.g. Sorting Code and Account Number.

11.3. Schools must also define cheque books in the FMS system to match the school's own cheque books issued by their bank.

11.4. The FMS System is able to print advice slips for the school's records and an advice slip and cheque for the supplier. Several invoices from one supplier may be selected to be paid on one cheque.

11.5. Security

All cheque books and other stationery must be kept in a locked safe or, if there is no safe, in a locked cupboard or cabinet. All bank statements **MUST** be kept sequentially with evidence that a proper reconciliation has been carried out before filing.

11.7. The FMS system will produce, on request, a statement that can be compared against the Bank Statement to verify that cheques have actually been presented for payment and therefore completed in the system. The statement produced will list transactions to the close of business the previous day.

11.8. Schools must, on a monthly basis, reconcile all invoices paid from the cheque account and appearing on the Bank Statement. In addition, all staffing costs must be posted when the salaries and wages tabulations are received in school.

INVESTMENTS

Investments may only be made directly in accounts of an approved bank that are clearly shown to provide no risk to the capital sum. Investments **MUST NOT** be arranged through any intermediaries (e.g. brokers, solicitors, accountants).

The investment **MUST** be in any current or deposit account (including single deposits) placed with a bank on the approved list. Deposit Account includes managed money market accounts, providing that the bank provides a written agreement incorporating a guarantee of the capital sum invested.

Because of the tax status of RBK, interest should be paid gross, without deduction of tax. If interest is paid net, a tax deduction certificate should be obtained and sent to the Director of Finance, who will obtain a reimbursement from HM Revenue and Customs and post this back to the school. A small charge may be made to the school for this service.

SCHOOL LIST OF BANKS AND BUILDING SOCIETIES

This selection is based on RBK criteria for selecting high quality investment counterparties, as set out in the RBK Investment Strategy.

BARCLAYS BANK

HSBC BANK

LLOYDS BANKING GROUP

Bank of Scotland

Lloyds TSB Bank

NATIONWIDE BUILDING SOCIETY

ROYAL BANK OF SCOTLAND GROUP

National Westminster Bank

Royal Bank of Scotland

SANTANDER UK plc

Accurate at 1 April 2011 - Subject to review from time to time.

Whistleblowing Policy

Introduction

What is Whistleblowing?

Someone blows the whistle when they tell someone in authority about a dangerous or illegal activity that they are aware of through their work. This can include health and safety risks, environmental issues, fraud, poor standards of care and other problems.

Why is Whistleblowing important?

The Council is committed to high quality services and being open, fair and honest.

Managers have a duty to prevent dangerous or illegal actions at work. All staff, including those who work for a contractor or agency, have an important part to play. Often it is only through whistleblowing that information comes to light.

Why does the Council need a Whistleblowing procedure?

This procedure:

- Supports the Public Interest Disclosure Act.
- Gives you a way of raising concerns in a structured and supportive environment within the Council.
- Means that you can feel confident to bring up genuinely held concerns without fear of retribution.
- Shows the Council's commitment to investigating and taking firm management action where wrongdoing may be proven.
- Encourages and enables you to raise concerns within RBK rather than overlooking problems or "blowing the whistle" outside the Council.

Who can use the Council's whistleblowing procedure?

- All staff, whether full time or part time, permanent or temporary;
- Councillors;
- School Governors
- All staff working in schools (including volunteers and students);
- Contractors working for the Council on Council premises e.g. agency workers, builders or drivers; and
- The Council's external contractors and those providing services under a contract with the Council in their own premises e.g. care homes.

When should I raise a concern?

If you find out about activities that harm clients of the Council, colleagues working for the Council, or the Council itself. These may include:

- Illegal activities
- Miscarriages of justice
- Risks to health and safety
- Damage to the environment
- Misuse of public funds
- Fraud and corruption
- Abuse of clients
- Other wrongdoing, (including attempts to cover up wrongdoing)

For example, you could raise a serious concern about service provision, the actions of officers, or the actions of others acting on behalf of the Council, which:

- Fall below the Council's standards of practice, including the Council's Code of Conduct for Employees
- Are against the Council's Standing Orders and policies
- Amount to improper conduct

How does this procedure fit with the Council's other procedures?

This procedure does not replace the Corporate Complaints Procedure for people who use the Council's services, or the Social Services Guidance for Staff Concerned about Staff Conduct Regarding Service Provision.

The whistleblowing procedure is about concerns regarding the public interest. If you are concerned about an issue relating to your personal position at work, you should use the Grievance procedure or another Human Resources procedure.

Role of Trade Unions

The whistleblowing procedure has been developed in consultation with Staff Side Representatives and Teachers' Professional Associations and has their full support. Your trade union will advise you on raising concerns and/or support you in doing so, as appropriate.

The process

Who do I tell?

If you work for the Council:

You should raise any concerns with your line manager. But if you feel unable to do so or you are concerned about something serious, you may approach a senior manager, your Head of Service, Director or the Chief Executive. You can raise a concern by talking to someone or writing to them.

If you raise a concern with your line manager under this procedure you need to make sure that they know this.

If you suspect fraud or corruption, you may approach the Assistant Director of Finance - Audit.

Staff in Social Services may approach the Customer Services Officer, or any of the senior officers listed above.

If you work in a school:

You should approach the Head Teacher. But if you feel unable to do so or, you are concerned about something serious, you can approach the Chair of Governors, Director of Learning and Children's Services, Chief Executive, or the Assistant Director of Finance - Audit. You can raise a concern by talking to someone or writing to them.

If you work for an agency or are a temporary worker:

You should raise any concerns with your line manager. But if you feel unable to do so or you are concerned about something serious, you may approach a senior manager, your Head of Service, Director or the Chief Executive. You can raise a concern by talking to someone or writing to them.

If you work for a company that has a contract with the Council:

You should raise any concerns with the Head of Strategic Services, telephone number: 020 8547 5175. But if you feel unable to do so or you are concerned about something serious, you may approach the Assistant Director of Finance – Audit, telephone number 020 8547 5660. You can raise a concern by talking to someone or by writing to them.

Is there any support available for me?

You can get the support of a staff representative, who may accompany you when raising a concern. Remember that by speaking up, it is not up to you to prove your concerns. However, you should be prepared to give the background and the reasons why you feel particularly troubled.

What is my role as a manager?

If a member of staff raised a concern with you, you should:

- i) Ensure you make a confidential record of the concerns raised
- ii) Then contact Ben Marshall, Counter Fraud and Corruption Manager or Human Resources who will advise on the next step in the process

It is your duty to pass this information on to Ben Marshall, Counter Fraud and Corruption Manager or your HR Business Partner or Philippa Haining,

Employee Relations Manager to ensure that the appropriate action can be taken.

What happens next?

We will look into your concern to see what should happen. This may involve:

- An internal investigation
- An external auditor
- An independent inquiry
- The police

We will normally write to you within 10 working days of receiving your concerns. We will list them, tell you who is handling the matter, how you can contact them and whether we need your further help. We will also tell you where to get support if you need it.

What happens in an internal investigation?

If there is an internal investigation, a special investigations team will be set up. This team is responsible for gathering all relevant information and meeting with all relevant staff. The team may interview a number of staff.

When they have finished their investigation, they must produce a report on their findings. The report is then considered by senior management. Based on the findings, management will then decide what further action to take. This may include disciplinary action for anyone involved in any wrongdoing.

On the other hand, if the investigation finds that the concerns raised or allegations made by the person who has 'blown the whistle' are malicious, frivolous, or for personal gain, disciplinary action will be taken against them.

Depending on any legal restrictions on giving you information, we will let you know the outcome of any investigation.

Will I be involved in an investigation?

You may not want us to let people know that you have raised a concern. If we can investigate and resolve your concern without involving you, the Council will not involve you further. If we are not able to resolve the problem without telling someone else who you are, we will always talk to you first.

The Council encourages you to tell us who you are whenever possible as anonymous concerns are more difficult to investigate and the Council cannot protect your position or give you any feedback if we don't know who you are.

Will I get into trouble? And will anyone find out that I have 'blown the whistle'?

The Council does not allow the harassment or victimisation of anyone who raises a genuine concern. Harassment may result in disciplinary action.

But there may be a situation where you want to tell us of your concern and not let anyone else know that you have. If we are not able to resolve the problem without telling someone else who you are, we will always talk to you first.

Where can I get independent advice about raising a concern?

You can talk to:

- Your union
- An independent legal advisor
- The Independent Charity, Public Concern at Work, telephone number: 020 7404 6609. Their lawyers can give you free confidential advice on how to raise a concern about serious wrongdoing at work.

Can I take the matter further?

We encourage all staff to use the procedure. But if you are not satisfied with any action and you feel it is right to take the matter outside the Council, you can contact the following organisations:

- The Audit Commission - Tel No. 020 7828 1212
- External Audit (Guildhall 2) - Tel No. 020 8547 5599
- The Health and Safety Executive - Tel No. 020 7717 6000
- The Information Commissioner - Tel No. 01625 545745

What is the Public Interest Disclosure Act?

The Public Interest Disclosure Act provides workers with protection from dismissal or other damage as a result of making a disclosure of information in the public interest about wrongdoing at work. Such disclosures are protected if they are done according to the Act's provisions. Disclosures may be made to the employer, prescribed regulatory bodies or on a wider basis to the Police. The Act's protection is strongest where workers raise matters with their employers.

Telling other people confidential information

Giving out information about third parties to whom the Council owes a duty of confidence may not be protected under the Public Interest Disclosure Act. This may lead to disciplinary action. If you are in any doubt you should seek advice from your manager, union, lawyer or Public Concern at Work (020 7404 6609).

Who is responsible for this policy?

- The Chief Executive / Head of Human Resources has overall responsibility for supervising the use of this Procedure.
- The Head of Legal Services, who is the Statutory Monitoring Officer, must in appropriate cases report to the Council on any proposal, decision, or omission by the Council, or any of its Panels or Committees, the Cabinet or officers which contravenes the law or causes mal-administration or injustice.
- Managers must ensure that the Monitoring Officer is alerted in appropriate cases.

May 2010

COMMUNITY USE OF SCHOOLS

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SECTION 1: INTRODUCTION

1.1 Application of schemes for financing schools to the community facilities power

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

However, under s.28(1), the main limitations and restrictions on the power will be

- a) those contained in schools' own instruments of government, if any; and
- b) in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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

1.2 Mismanagement of community facilities funds

The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

SECTION 2: CONSULTATION WITH THE LA – FINANCIAL ASPECTS

2.1 Requirement to consult the LA

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

Schools will be required to provide details of the proposed scheme, including a financial business plan, for consideration by the LA. The LA will provide guidance regarding the required format of this information.

2.2 Requirements relating to the provision of advice.

The LA is required to provide schools with advice within 6 weeks of being consulted, although the LA will seek to offer advice earlier, if at all possible. Schools are required to inform the LA of any action taken following receipt and consideration of the LA's advice, within 4 weeks of receiving such advice.

Section 3 provides additional information in respect of funding agreements.

SECTION 3: FUNDING AGREEMENTS – LA POWERS

3.1 Funding agreements with third parties

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

The Authority's requirement in relation to funding agreements with third parties (as opposed to funding agreements with the Authority itself) are that any such proposed agreement should be submitted to the LA for its comments, giving the LA at least 4 weeks to allow adequate time to consider and respond.

The scheme may not impose a right of veto for the LA on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.

3.2 Agreements seriously prejudicial to the interests of the school or the Authority

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

SECTION 4: OTHER PROHIBITIONS, RESTRICTIONS and LIMITATIONS

4.1 Constraints on the exercise of the community facilities power

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority will work in partnership with schools to overcome, so far as it is practicable, any aspects of the proposed community use that would otherwise be contrary to the general requirements of the scheme for financing schools in place in Kingston.

The Authority may, if it wishes, propose other scheme provisions which it believes to be necessary for inclusion within this section. This option will be kept under review and, where the Authority feels additional provisions are required to safeguard the financial position of the Authority or school, or to protect pupil welfare or education, it will make application to the Secretary of State for this Scheme to be amended.

4.2 Property considerations

In considering any proposals for the provision of community facilities, the Authority will need to be satisfied regarding the use or change of use of buildings, access, fire and other safety aspects, restrictions on use (where covenants on use bar certain activities or limit the use of the building to educational use), provision of additional accommodation by third parties and the maintenance responsibilities and liabilities.

4.3 Projects with significant financial risk

The scheme may not give a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. The Authority may, however, require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the Authority 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 LA.

The Authority is required to operate this provision in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

SECTION 5: SUPPLY OF FINANCIAL INFORMATION

5.1 Financial statements

Schools, which exercise the community facilities power, are required to provide the Authority every six months with a summary statement, in a form determined by the Authority. This must show 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.

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

The Authority requires such information in order to ensure that schools are not at financial risk. Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share. The Authority will suspend the right to delegation, if necessary.

5.2 Agreements between schools and the Authority

These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the Authority as to the financial reporting requirements arising from the funding in question.

SECTION 6: AUDIT

6.1 Access to schools' records

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

6.2 Access to other records

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

SECTION 7: TREATMENT OF INCOME AND SURPLUSES

7.1 Retention of income

Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. Schools are also permitted to carry such retained income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.

7.2 Schools ceasing to be maintained

If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

SECTION 8: PERSONNEL AND HEALTH AND SAFETY MATTERS

8.1 Employment of Staff

The personnel procedures and policies adopted by the school will apply to all staff employed by the school to undertake community facility activities.

8.2 Extension of health and safety provisions

The health and safety provisions of the main scheme are extended to the community facilities power exercised by schools. These include that the governing body is required to have due regard to duties placed on the LA in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Schools are reminded that where they directly employ a contractor using delegated funding, they must ensure that the contractor is competent, adequately insured and that the contractor has an appropriate health and safety policy and arrangements. The contractor should demonstrate to the school's satisfaction that they have considered all the health and safety implications of working on the school site.

Some work commissioned by schools may fall under the requirements of the Construction Design and Management Regulations 1994 and schools must ensure that all the requirements of these regulations are met.

8.3 Criminal records clearance

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.

SECTION 9: INSURANCE

9.1 Schools' responsibilities for insurance arrangements

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary. All schools are required to provide information to the Authority to confirm the details of its insurance arrangements/cover for any community facilities provision. This enables the Authority to check that any insurable interest it may have is covered.

It may be necessary for insurance to be in the joint names of the governing body and the Council. All schools are strongly recommended to contact the Authority's Insurance Manager for advice on all issues relating to insurance, before they arrange any additional cover. All schools are required to seek the Authority's advice before finalising any insurance arrangement for community facilities.

9.2 LA's insurance responsibility

The LA is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. These provisions are necessary in order for the LA to protect itself against possible third party claims.

SECTION 10: TAXATION

10.1 Value Added Tax (VAT)

In general, schools may only make use of the LA's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds. The Authority will follow HM Revenue and Customs guidance (Notice 749 on local authorities) concerning the recovery of VAT where schools use donated funds.

The facility for local authorities to reclaim VAT can be used by schools in spending their budget shares, which by virtue of s.49(5) of the Act are the property of the LA. This facility also applies to funding given by the LA to schools outside the budget share.

Schools should, however, seek the advice of the LA (and the local VAT office) on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility. The Authority will make further, specific advice available to schools, as appropriate.

10.2 School/LA employees

If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in the school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

10.3 Construction industry scheme

Schools are required to abide by procedures issued by the Authority in connection with Construction Industry Tax Deduction Scheme (CIS).

SECTION 11: BANKING

11.1 Banking arrangements

Where a school opts to provide community facilities, it must operate the same banking arrangements which it uses for its budget share. Schools will, therefore, either maintain a separate bank account with adequate internal accounting controls to maintain separation of funds or utilise LA banking arrangements which will require adequate separation of such community facility funds from the school budget share and other LA funds.

Each school, which does not have its own bank account, will receive an annual 'interest on balances statement' from the Authority for its community facilities cost centre. Surplus balances held by the Authority on behalf of a school's community facilities provision will attract interest at the annual average rate for seven-day notice loans and credited to the school's community facilities cost centre. Charges for interest on deficit balances will be calculated on the same basis and charged to the school's community facilities cost centre.

The Authority's main Scheme for Financing Schools continues to apply in respect of banking arrangement for schools. Annex D refers.

11.2 Bank accounts and signatories

The Authority's main Scheme for Financing Schools continues to apply in respect of banks which may be used, signing of cheques, the titles of bank accounts, and similar matters. Annex D refers.

11.3 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State. The Government's requirement on borrowing does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the LA when repaying loans.

Schools must notify the Director of Finance in advance of any proposed leasing arrangements or any other arrangements to delay or defer payment for goods or services. Any scheme, however described, which effectively spreads the cost of payments across financial years, is likely to fall into this category. Such arrangements may only be entered into after obtaining written approval from the Director of Finance.

Certain leasing arrangements (finance leases) count against the LA's capital finance programme and schools are not free to enter into such arrangements without specific written authority from the Director of Finance. Careful advice is needed as to what constitutes an operating lease or a finance lease.

FINANCIAL REGULATIONS FOR SCHOOLS

1. INTRODUCTION

1.1 . Financial Regulations set out the principles that govern financial administration within the Authority. They are designed to ensure the proper administration of the Council's financial affairs as required under Section 151 of the Local Government Act 1972, and the Accounts and Audit Regulations 1996.

1.2 . These Regulations apply to the Governors, Head Teachers and others to whom functions have been delegated under the scheme of local management of schools.

1.3 . The Regulations do not prescribe the detailed administrative arrangements that each school will make to manage its financial affairs. They do, however, set out to ensure that the system of financial administration within each school shall meet the requirements of probity and regularity and to ensure that financial transactions are properly recorded in the statutory accounts.

1.4 . The Director of Finance shall be provided with any information necessary to enable him to comply with his statutory responsibilities, and otherwise to comply with these Regulations and shall be allowed access to documents and records for this purpose.

1.5 . The Governors shall keep the Director of Finance informed of any matter that is likely to have significant financial consequences, and he or his representative shall have the right to attend meetings of Governors to give advice or report on matters affecting his responsibility.

2. ACCOUNTING

2.1.. All accounting and financial systems operated by the school shall be maintained to the satisfaction of the Director of Finance.

2.2.. The accounts maintained by the Director of Finance are the Authority's statutory accounts, and the school's expenditure and income for a financial year shall be determined solely by reference to the statutory accounts.

2.3.. Head Teachers shall ensure that expenditure incurred and income received are charged or credited to the appropriate account.

2.4.. The Director of Finance, where necessary in conjunction with the Director of Learning and Children's Services, shall prepare, certify and otherwise deal with all claims for grants and other financial returns required by Government Departments and other Authorities unless he approves alternative arrangements.

3. INTERNAL AUDIT

3.1.. The Director of Finance shall carry out a continuous internal audit and appraisal of accounting and financial operations of the Local Authority, including all schools. For such purposes he, or his authorised representative shall be given access to all records and assets he considers necessary for the purposes of the audit, and shall be entitled to receive from any council employee or Governor acting under delegated powers such information and explanation as he thinks necessary for that purpose.

3.2. Governors and Head Teachers shall forthwith notify the Director of Finance of any matter which involves or is thought to involve any financial irregularity in the exercise of the functions of the Local Authority, and the Director of Finance shall carry out such audit investigations as he considers necessary.

4. BUDGET MANAGEMENT

4.1. School budget allocations shall be regarded as being cash limits and Governors will be advised as to what the Authority has allowed for in-year price changes. The school will be required to manage their affairs within this budget allocation.

4.2. Each Head Teacher shall before the beginning of each financial year prepare in accordance with the delegated budget for the school estimates of expenditure and income for consideration and approval by Governors. The report to Governors shall include a presentation of the estimates in a common form specified by the Director of Learning and Children's Services.

4.3. Total planned expenditure for the financial year shall not exceed the budget share, adjusted by amounts carried forward from the previous year, any income receivable, and any in-year adjustments which may be made in accordance with the Scheme for Financing Schools.

4.4. Each Head Teacher shall submit a copy of the school annual budget to the Director of Learning and Children's Services as soon as possible after notification of the Budget Share and in any case by 1st May in the financial year to which the school budget relates.

4.5. The Governors shall with the assistance of the Director of Learning and Children's Services and the Director of Finance make arrangements to control those budget estimates for which they are responsible, so as to ensure that total net expenditure does not exceed that school's budget.

4.6. Governors shall not approve financial commitments into subsequent financial years without satisfying themselves that the costs can be met within the likely level of resources.

4.7. While schools must not plan to spend in excess of their available resources, if at the end of a financial year the budget is overspent, the overspending shall be deducted from the budget for the following year.

4.8. Any underspending of the budget allocation for the year may be carried forward and added to the estimate for the following year.

5. ORDERS FOR WORK, GOODS AND SERVICES

5.1. The Scheme for the Financing of Schools gives Governors and Head Teachers powers of financial decision-making, and the power to incur expenditure within the limits of the delegated budget. However, when the governing body or head teacher of a school enters into a contract to spend part of its delegated budget, it does so on behalf of the authority. The Authority will retain ownership of any goods or equipment purchased, and will have ultimate responsibility for ensuring the contracts are fulfilled and invoices paid.

5.2. Official orders in a form approved by the Director of Finance shall be issued for all work, goods or services to be supplied to the school.

5.3. Verbal orders shall be confirmed by written order without delay.

5.4 Each Head Teacher shall be responsible for all orders issued for the school, and shall control the use of official order books in his/her custody.

5.5. Governors and Head Teachers shall be responsible for obtaining best value for money. When it is reasonable at least two quotations shall be obtained and where the estimated cost exceeds £5,000 in any one year, every effort should be made to obtain at least three competitive quotations in writing.

5.6. The Council's Contract Standing Orders shall apply to every contract where the estimated cost is in excess of £50,000 in any one year.

5.7. For contracts estimated not to exceed £50,000 in any one year, the procedures followed for obtaining, evaluating and accepting tenders and quotations shall be in accordance with the advice or instructions issued by the Director of Learning and Children's Services.

5.8. Where contracts under seal provide for payments to be made by instalments, the Head Teacher or Chief Officer responsible for the contracts shall arrange for the keeping of a contract register to show the state of the account on each contract together with related professional fees and other payments.

5.9. Every contract variation shall be authorised in writing by or with the consent of the Head Teacher or appropriate officer.

5.10. LEA officer countersignature must be sought for any contracts for goods or services that exceed £60,000 in any one year.

5.11. Head Teachers or relevant Chief Officer shall obtain the advice of the Director of Legal Services as to the Council's legal liability before settling loss and expense claims, ex gratia payments and other exceptional claims.

5.12. Governors and Head Teachers responsible for the employment of consultants shall ensure that every consultant employed receives a copy of the those financial regulations and standing orders with which he is required to comply.

6. PAYMENT OF ACCOUNTS

6.1. The Director of Finance shall approve the procedures for payment of accounts at each school.

6.2. Each Head Teacher shall be responsible for the verification and certification of all invoices and vouchers for payment. The Head Teacher shall maintain the names of officers authorised to sign such records together with specimen signatures. For payments to be processed by the Director of Finance a copy of these names and specimen signatures shall be supplied to Learning and Children's Services Finance.

6.3. Payments in advance of receipt of goods or services shall only be made where it is a condition of the supplier and the Head Teacher is satisfied that there is no alternative.

7. STAFF APPOINTMENTS, REMUNERATION, PENSIONS AND GRATUITIES

7.1. Within the constraints of the school's budget, the Governors will determine how many staff should work at the school. They will also decide on the appointments of all employees at the school and their respective grades and rates of pay.

7.2. The payment of wages and overtime shall be verified and certified by Head Teachers or their nominated representative. The names and signatures of employees authorised to sign such records shall be sent to the Learning and Children's Services Finance department.

7.3. The calculation and payment of all remuneration to employees or former employees shall be made by the Director of Finance or under arrangements approved by him.

8 INCOME

8.1. The Director of Finance shall approve procedures for the collection of all charges for services and for other income due to the Council.

8.2. The arrangements for the ordering, supply and control of all forms of receipts shall be subject to approval by the Director of Finance.

8.3. All school income shall, without delay, be banked in accordance with the instructions of the Director of Finance. Each employee who so banks money shall enter on the paying in slip the amount of any cheque and a reference to the related debt such as the receipt number or the name of the debtor, or otherwise indicate the origin of the cheque.

8.4. Personal cheques shall not be cashed out of any money held by the school.

8.5. Every transfer of official money from one member of staff to another shall be evidenced by the signature of the receiving employee.

8.6. Income due to the school's delegated budget that cannot be collected shall be referred to the Director of Legal Services for recovery or be reported to Governors for approval to the debt being written off.

9. BANKING

9.1. For schools which have opted to make all payments locally, the provisions of the Cheque Book Scheme shall apply in place of this section of the Financial Regulations.

9.2. For schools which have not opted to do so the following requirements must be observed: .

9.2.1. All banking arrangements will require the approval of the Director of Finance.

9.2.2. Where a school bank account is opened it will be in the name of the school and shall be maintained on an imprest basis. A school bank account must not become overdrawn.

9.2.4. Payments from a school bank account will require two authorised cheque signatories. The Head Teacher shall maintain an approved list of signatories including specimen signatures, a copy of which will be made available to the Director of Finance.

10. MAINTAINING OF ACCOUNTS AND RECORDS

10.1. All accounts, vouchers and other records supporting the financial transactions made by the school shall be retained intact and to the satisfaction of the Director of Finance. There shall be made available as part of the annual inspection of accounts as required by the Accounts and Audit Regulations 1996.

10.2. School bank accounts and accounting records shall be kept up to date and reconciled monthly and maintained in accordance with any instructions that may be issued by the Director of Finance.

10.3. Governors shall provide such copies of accounts and supporting documentation as may be required by the Director of Finance.

11. MOVEABLE PROPERTY

11.1. Inventories of movable property held by the school shall be kept in an appropriate form. Each employee responsible for maintaining an inventory shall provide an annual certificate to the Governors to the effect that the inventory has been checked, updated, and surpluses, deficiencies and disposals noted.

11.2. School property shall not be removed or used except as authorised by Governors for school or Council purposes.

11.3. Items no longer required may be disposed of by Head Teachers when neither their original cost nor their estimated residual value exceeds £1,500. Otherwise a report shall be submitted to Governors stating the reason for disposal and recommending the method of disposal.

12. INSURANCES

12.1. Unless funds for insurance are delegated to any school, the Director of Finance shall effect insurance cover and negotiate claims in consultation with the school. This however, does not preclude Governors from affecting their own additional insurance cover, as they or the Head Teacher considers appropriate.

12.2. Head Teachers shall promptly notify the Director of Finance of any loss, liability or damage or any event likely to lead to an insurance claim on those policies administered by him.

12.3. Governors and Head Teachers shall take all steps necessary to minimise any such loss or damage or claim and shall not under any circumstances make any admission of liability to a claimant.

12.4. Head Teachers shall give prompt notification to the Director of Finance of possible new insurable risks or any variation required in existing insurance cover on those policies administered by him.

12.5. Governors shall consult the Director of Finance and Director of Legal Services respecting the terms of any indemnity which the Governors are requested to give on behalf of the Council.

13. SECURITY

13.1. Governors shall be responsible for maintaining reasonable security at all times for all buildings, stores, furniture, equipment, cash, information and records, etc under their control.

13.2. Cash holdings shall be restricted to limits agreed with the Director of Finance.

14. FINANCIAL INTEREST OF GOVERNORS

14.1. Except with the approval in writing of this Authority:

(a) no Governor shall take or hold any interest in any equipment or property held or used for the school.

(b) no Governor shall obtain an interest in the disposal of school equipment or property not in the disposal of any school materials surplus to requirements at the conclusion of any contract between the Council, including persons acting on its behalf, and any third party.

14.2. A Governor who has a financial interest in:

(a) the supply of work or goods to or for the purposes of the school; or

(b) any contract or proposed contract concerning the school; or

(c) any other matter relating to the school

and is present at a meeting of Governors at which the supply contract or other matters is to be considered, shall at that meeting disclose the fact and shall not take part in the consideration or vote on any question with respect to it.

15. UNOFFICIAL FUNDS

15.1. The Head Teacher may open a School Fund or other unofficial funds for purposes connected with the school and approved by the Governors and must ensure that such funds are kept separate from the delegated budget.

15.2. Annual accounts in a suitable form must be prepared in respect of all unofficial funds held by the school. These accounts must be signed by the Head Teacher, submitted to the Governors each year and duly audited to the satisfaction of the Governors. The auditor shall not be connected with the administration of the funds.

15.3. The Governors and/or Head Teachers shall make satisfactory financial arrangements in respect of unofficial funds held by the school.

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS ARISING IN SCHOOLS

1. This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.
2. Section 37 of the 2002 Education Act says:
 - (4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met*
 - (5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.*
 - (6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).*
3. The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Examples where dismissal/resignation costs might be charged to a delegated school budget

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

- Where a school has refused to engage with the local authority's redeployment policy

Examples where premature retirement costs might be charged to the local authority non-schools budget

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
 - Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
 - Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
 - Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards
4. Costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal, then the authority can appeal to the Secretary of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.
 5. An example of where a charge to the central Schools Budget might be appropriate would be a school reorganisation. A reorganisation involving the closure of a number of schools would be likely to result in savings because there would be a reduced amount being allocated through the formula for factors such as flat rate amounts to all schools or floor area. If the ongoing costs of the VER/redundancy exceeded the savings in the formula, then this would qualify.
 6. It would be possible to consider savings at an individual school level as well, but this needs to be carefully managed so that there are clear ground rules in place for applications, recommendations and approval. It may be sensible to agree criteria for eligibility which are consistent with the general approach as to when costs should be centrally funded.
 7. It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.
 8. There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally

if the budget is set too high, and so an alternative would be to keep the budget tight and use contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

9. One of the permitted uses of the contingency is where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share” while local authorities are also allowed to retain funding for schools in financial difficulties “provided that the authority consult the schools forum on their arrangements for the implementation of such support.”
10. For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, including from the delegated budget. Section 37 states:

(7) Where a local education authority incur costs—

(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

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

(8) Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school’s budget share for any financial year.

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