



# **Southwark Scheme for Financing Schools**

**Effective April 2023**

# List of Contents

## Section 1     [Introduction](#)

- 1.1            The funding framework
- 1.2            The role of the scheme
- 1.3            Application of the scheme to the authority and maintained schools
- 1.4            Publication of the scheme
- 1.5            Revision of the scheme
- 1.6            Delegation of powers to the head teacher
- 1.7            Maintenance of Schools

## Section 2     [Financial controls](#)

- 2.1            General procedures
- 2.1.1         Application of financial controls to schools
- 2.1.2         Provision of financial information and reports
- 2.1.3         Payment of salaries; payment of bills
- 2.1.4         Control of assets
- 2.1.5         Accounting Policies (including year-end procedures)
- 2.1.6         Writing off of debts
- 2.2            Basis of accounting
- 2.3            Submission of budget plans
- 2.3.1         Submission of Financial forecasts
- 2.4            School resource management
- 2.5            Virement
- 2.6            Audit: general
- 2.7            Separate external audit
- 2.8            Audit of voluntary and private funds
- 2.9            Register of business interests
- 2.10          Purchasing, tendering and contracting requirements
- 2.11          Application of contracts to schools
- 2.12          Central funds and earmarking
- 2.13          Spending for the purposes of the school
- 2.14          Capital spending from budget shares
- 2.15          Notice of concern
- 2.16          Schools Financial Value Standard (SFVS)
- 2.17          Fraud

## Section 3     [Instalments of budget share; banking arrangements](#)

- 3.1            Frequency of instalments
- 3.2            Proportion of budget share payable at each instalment
- 3.3            Interest clawback
- 3.4            Interest on late share payments
- 3.5            Budget shares for closing schools
- 3.6            Bank and building society accounts
- 3.7            Restrictions on accounts
- 3.8            Borrowing by schools
- 3.9            Other provisions

Section 4     [The treatment of surplus and deficit balances arising in relation to budget shares](#)

- 4.1            The right to carry forward surplus balances
- 4.2            Controls on surplus balances
- 4.2.1         Calculation of the surplus balance
- 4.2.2         Reporting on the intended use of surplus balances
- 4.2.3         Carry forward balances
- 4.3            Interest on surplus balances
- 4.4            Obligation to carry forward deficit balances
- 4.5            Planning for deficit balances
- 4.6            Charging of interest on deficit balances
- 4.7            Writing off deficits
- 4.8            Balances of closing and replacement schools
- 4.9            Licensed deficits
- 4.10          Loan scheme
- 4.10.1        Cash advances
- 4.10.2        Credit union approach

Section 5     [Income](#)

- 5.1            Income from lettings
- 5.2            Income from fees and charges
- 5.3            Income from fund raising activities
- 5.4            Income from sale of assets
- 5.5            Administrative procedures for the collection of income
- 5.6            Purposes for which income may be used

Section 6     [The charging of school budget shares](#)

- 6.1            General provision
- 6.2            Charging of salaries at actual cost
- 6.3            Circumstances in which charges may be made

Section 7     [Taxation](#)

- 7.1            Value added tax (VAT)
- 7.2            Construction industry taxation scheme (CITS)
- 7.3            Payments to individuals claiming to be self-employed

Section 8     [The provision of services and facilities by the authority](#)

- 8.1            Provision of services from centrally retained budgets
- 8.2            Provision of services bought back from the authority using delegated budgets
- 8.3            Packaging
- 8.4            Service Level Agreements
- 8.5            Teachers Pensions

Section 9     [Private finance initiatives \(PFI\)/public private partnerships \(PPP\)](#)

Section 10    [Insurance](#)

10.1 Insurance Cover

**Section 11** [Miscellaneous](#)

- 11.1 Right of access to information
- 11.2 Liability of governors
- 11.3 Governors' expenses
- 11.4 Responsibility for legal costs
- 11.5 Health and Safety
- 11.6 Right of attendance for Chief Finance Officer
- 11.7 Special educational needs
- 11.8 Interest on late payments
- 11.9 Whistleblowing
- 11.10 Child Protection
- 11.11 Redundancy/early retirement costs

**Section 12** [Responsibility for repairs and maintenance](#)

- 12.1 Funding
- 12.2 Capital
- 12.3 Voluntary aided schools

**Section 13** [Community facilities](#)

- 13.1 Introduction
- 13.2 Funding agreements with third parties
- 13.3 Prohibitions, restrictions and limitations
- 13.4 Supply of financial information
- 13.5 Audit
- 13.6 Treatment of income and surpluses
- 13.7 Health and safety
- 13.8 Insurance
- 13.9 Taxation
- 13.10 Banking

Appendix A [Schedule of schools included in the scheme](#)

Appendix B [Responsibility for redundancy and early retirement costs](#)

Appendix C Responsibility for Repairs and Maintenance

## SECTION 1: INTRODUCTION

### 1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act, (SSAF) 1998 (the act).

Under this legislation, local authorities determine for themselves the size of their schools budget and non-schools education budget, although at a minimum an authority must appropriate its entire dedicated schools grant (DSG) 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 centrally retained funds 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.

In making any changes to the scheme, other than directed revisions, authorities must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools, 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 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 financing 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, under 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 and funding delegated to schools. After each financial year the authority must publish a statement showing outturn expenditure. A copy of each year's budget and outturn statement should be made easily accessible to all schools. The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

Regulations also require a local authority to publish their schemes 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.

The scheme has been written in accordance with issue 13 of statutory guidance (updated 23 April 2021 given by the Secretary of State pursuant to section 48(4) and paragraph 2A(2) of schedule 14 to the School Standards and Framework Act 1998.

## **1.2 The role of the scheme**

The purpose of the scheme is to set out the financial relationship between the local authority the London Borough of Southwark; hereafter, "Southwark", or "LA" or the "authority and its maintained schools. The scheme sets out the requirements for sound financial management and associated issues. These requirements are binding on both the schools and the LA. Detailed requirements are set out in Southwark's schools financial procedures manual (SFPM). These are based upon the LA's financial regulations and contract standing orders amended as necessary to meet the needs of schools.

## **1.3 Application of the scheme to the Authority and maintained schools**

This scheme applies to all community, nursery, voluntary, foundation (including trust), community special, foundation special schools and pupil referral units (PRUs) maintained by Southwark, whether they are situated in Southwark or situated elsewhere. It does not apply to schools situated in Southwark which are maintained by another authority. Nor does it apply to academies. [Appendix A](#) details the list of institutions that this scheme applies to.

## **1.4 Publication of the scheme**

A copy of the scheme will be published on the Southwark Council website.

## **1.5 Revision of the scheme**

Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval.

All proposed revisions must be submitted to the schools forum by approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

The Secretary of State can make directed revisions to schemes which become part of the scheme from the date of direction.

## **1.6 Delegation of powers to the head teacher**

The governing body must consider the extent to which it wishes to delegate its financial

powers to the head teacher. The decision, and any revisions, should be agreed by the full governing body and shall be recorded in the minutes of the governing body.

The governing body must approve the school's annual budget and in so doing, should ensure that the school improvement plan can be fully met from the allocation of resources. The annual budget should assess the schools performance against national data to ensure that value for money has been obtained.

The annual budget shall be proposed by the head teacher. It is recommended that the budget preparation work is undertaken by the resources or finance committee, before the approval by the full governing body. This must then be submitted to the LA by the deadline set by the LA.

This scheme requires each governing body to consider the extent to which it wishes to delegate financial powers to their head teacher. The LA has no wish to impose uniformity on schools but has set out a model scheme for delegation within the schools financial procedures manual which sets out reasonable parameters and a checklist that governing bodies are asked to consider.

Whatever their decision governors should delegate at least the day-to-day administration and management of the school finances to the head teacher. The head teacher may, in turn, delegate certain tasks and responsibilities to other members of staff. Where such further delegation takes place the overall responsibility is deemed to remain with the head teacher.

## **1.7 Maintenance of Schools**

The LA is responsible for maintaining the schools covered by the scheme, and this includes the defraying of all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, the responsibility of the governing body). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the Schools Standards and Framework Act 1998.

## **SECTION 2: FINANCIAL CONTROLS**

### **2.1 General procedures**

#### **2.1.1 Application of financial controls to schools**

In managing their delegated budgets, schools are required to abide by the LA's requirements on financial controls and monitoring as set out in this scheme, the schools financial procedures manual and any subsequent communication.

#### **2.1.2 Provision of financial information and reports**

School governors are responsible for:

- ensuring that there are effective controls in place for authorising, monitoring and controlling expenditure and obtaining value for money,
- maintaining accurate records of all income and expenditure transactions using an accounting package approved by the LA and
- Providing the LA with copies of expected and actual income and expenditure, accounts, records, information and other relevant documentation in such form and at such times as required (this includes provision of information to auditors and to H.M. Revenue & Customs), as set out in the schools financial procedures manual.

Southwark has an overall responsibility to monitor school finances. Schools are required to provide the authority with details of expected and actual expenditure and income, in a form (generally in line with Consistent Financial Reporting) and at times determined by the

authority. This will not be more often than quarterly (except for information connected with tax or banking reconciliation) but may be more frequent if the LA has given the school notice in writing that it is concerned about its financial management or the school is in its first year of operation.

Schools are required to submit monitoring reports as at 30th June, 30th September, 31st December and 31st March to the schools finance team. These should clearly show the forecasted year end position.

A school that is identified as having financial difficulties will also be requested to provide additional financial information, often at a monthly interval, in order for the schools finance team to oversee and support the financial recovery of the school.

If the required returns are not being received in a timely manner then the LA reserves the right to send in their officers to provide the required information which may result in the issuing of a notice of concern as set out in paragraph 2.15

### **2.1.3 Payment of salaries; payment of bills**

#### **Payment of bills**

Schools are responsible for the correct payment of all bills and relevant taxes relating to its budget share unless the LA has agreed to perform this on behalf of the schools through a service level agreement or buy back of services.

Schools should ensure that payments for invoices are made within 30 days of the invoice date. Any costs including penalties, legal or admin costs incurred by a school for late payment of invoices will be chargeable to the schools' budget

All schools covered by the provisions of this scheme must comply with the requirements set out in the schools financial procedures manual.

#### **Payment of salaries**

The governing body shall be responsible for salary payments for employees working in their school. This responsibility will include calculating, where applicable, all remuneration, pensions and gratuities, deductions for income tax, superannuation, national insurance, apprenticeship levies, the advance and recovery of any loans agreed by the school, etc. Governors will normally discharge these responsibilities with the assistance of their payroll provider.

It is in the governing body's interest that the contract with the payroll provider is clear about these matters. If governors do not do so, they expose themselves to great risk and are therefore advised to seek advice from the Director of Education about their view as to the provider's ability to carry out the functions set out above.

The schools financial procedures manual sets out the information about such matters as tax and pensions that the LA will require the governors to provide in order for it to carry out its remaining legal obligations in respect of tax and pensions, etc. Section 8.5 has further details on the requirements for pensions administration.

### **2.1.4 Control of assets**

Each school must maintain an inventory for all moveable non-capital assets, which must contain an adequate description of the asset (furniture, cameras etc.), including items that have been leased or hired. This inventory should be kept up to date and checked on an annual basis.

These inventories can be maintained on a computer system (e.g. Key solutions cash accounts or SIMS equipment register module) or manually, in accordance with the schools financial procedure manual, which also contains the basic authorisation procedures for



disposal of assets.

Whilst schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000, each school must keep a register in some form for all portable and desirable items.

Head teachers are responsible for maintaining proper security of all buildings, stores, money, vehicles, sensitive information, and keys to safes. Any loss should be reported to the Director of Education without delay.

### **2.1.5 Accounting Policies (including year-end procedures)**

Schools must abide by procedures issued by the authority in relation to accounting policies and year-end procedures, set out in the schools financial procedures manual.

These procedures work in conjunction with the LAs accounting policies. The underlying principles include:-

- The accounts should be a fair presentation of the school's financial position and transactions in respect of that financial year
- Income and expenditure should relate to the service provided in the same financial year
- The end of year procedures are set out in the schools closing guidance which includes a closedown timetable which must be adhered to.
- Head teachers must ensure that accounting procedures and financial records are maintained accurately and kept up to date.

### **2.1.6 Writing off of debts**

Governing bodies are authorised to write off debts up to the limit set in the scheme of delegation within the schools financial procedures manual.

Governing bodies can authorise the write off of debts up to £1,000. Debts over £1,000 can only be written off with approval of the Director of Education. All debt write offs to be notified to the governing body and recorded in the minutes,

The amount of any debt written off will be charged to the delegated budget of the school to which the income would have been due.

All write off must be recorded correctly in the accounts by reversal of the original income transaction.

Any schools experiencing problems recovering money due should contact the schools finance team for advice and support.

## **2.2 Basis of accounting**

Schools are free to use any accounting software they choose, provided any reports are submitted to the LA in the required format and provided that they meet the costs of modification to provide output required by the LA. Internally, schools can use a cash or accruals system, but reports must be amended when submitted to the LA at the year-end on an accruals basis in order to comply with the LAs requirements.

## **2.3 Submission of budget plans**

All schools within the scheme are required to submit a budget plan which comprises a three

year forecast each year (from the 2021/22 funding year) showing its intentions for income and expenditure in the current financial year, including the provision of the information and data used in the assumptions underpinning it, to the LA no later than 31st May.

The budget plan should take full account of the estimated surplus or deficit as at the previous 31st March.

Evidence of approval by the governing body must be submitted at the same time as the budget plan.

The governing body is not permitted to set a budget which plans for a cumulative deficit at the end of the financial year, except where the LA has authorised such a budget.

Schools are required to undertake regular forecasts of outturn against budget and provide a full year forecast at the end of each quarter as part of the budget monitoring forecasts to the schools finance team. Particular attention should be paid in the second quarter forecast to the October census data and the impact that and change in the pupil numbers may have on the original budget.

Southwark will ensure that the format and content the budget plan and forecast, is simple and easy to complete and is detailed in the schools financial procedures manual and include all relevant items of expenditure and income along with any specified supplementary information, taking account the consistent financial reporting framework (CFR).

The LA will provide schools with all income and expenditure data that it holds which is necessary to efficient planning by schools such as inflation rates and pay rates that it recommends should be used in the budget planning process. Schools will also be provided with an annual statement setting out when the LA expects this data to be available.

### **2.3.1 Submission of financial forecasts**

The LA requires that schools submit a financial forecast covering each year of a three year period alongside the budget plan.

Future-year financial forecasts indicate that a school is undertaking effective financial planning and so will be used as evidence to support the compliance with the Schools Financial Value Standard (SFVS) in Schools (see section 2.16) and will be used to support the LA's balance control mechanism (see section 4.2.1).

## **2.4 School Resource Management**

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

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

## **2.5 Virement**

A virement is the transfer of funds from one budget to another. It allows flexibility to move budgets to deal with changing circumstances throughout the financial year.

Schools are free to vire between budget headings in the expenditure of their budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required. The scheme of delegation sets out recommended levels of approval.

This freedom to vire is sometimes restricted in the case of devolved funds (including Pupil Premium). The extent of possible virement will be made clear in respect of each fund devolved.

## **2.6 Audit: General**

In regard to internal audit, all maintained schools come within the audit regime determined by the LA and will be subject to audit as and when deemed necessary by the section 151 officer. In regard to external audit, all schools come within the LA external audit regime as determined by the Local Audit and Accountability Act 2014. Schools are required to co-operate with both of these.

The accounting records and supporting prime documents are to be retained by schools covered by the scheme together with all other records relating to their financial administration. These records must be readily accessible and made available for inspection by the auditors (both internal and external). The school staff must provide auditors with any explanations they consider necessary.

The head teacher should consider and respond promptly to recommendations in audit reports and report to the governing body the results of audits and any actions required by the school.

Head teachers should notify the internal auditors or schools finance team of any suspected irregularities involving fraud, bribery, theft or corruption of cash and stores, stocks, or any other property held for the purpose of the school or in any other way affecting the schools finances or any breach of financial regulations.

## **2.7 Separate external audits**

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

If a school chooses to exercise this discretion it should ensure that the appointed auditors are competent and that the Director of Education is notified of the appointment.

## **2.8 Audit of voluntary and private funds**

In addition to the normal internal and external audits, schools must provide the LA with audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. The Consistent Financial Reporting (CFR) framework requires that private funds under the control of the governing body are included in the school's assets.

Both voluntary and private funds come under the definition of 'non – official funds or school funds'. Such funds are those that do not contain official monies/ delegated funding from the LA and is wholly controlled or in part by the head teacher by reason of his/her employment by the school. Although such funds are not public money, parents and other benefactors are

entitled to the same standards of stewardship in regard to them.

An audit of these funds must be carried out annually by an auditor appointed by the governing body and minuted in the governing body minutes. The audit must be completed within 3 months of the end of the financial year. In the interests of accountability the auditor should not be an employee and should be independent of the school with no association to the fund.

Funds in excess of £20,000 must be audited by a qualified accountant who will provide a certificate in accordance with published professional standards

Funds below £20,000 do not need to be audited by a qualified accountant. But must be audited by a suitable person familiar with the principles of accountancy.

A report of the audit must be submitted to the governing body

Governors have responsibility for the oversight of the management of these funds. The head teacher should be held accountable for the good management of these funds. It is therefore recommended that governors be kept informed and receive interim reports of income received and expenditure and the balance of these funds supported by reconciliations.

Official (delegated) funding and non-official (voluntary and provide funds) should never be mixed. Any income which should properly relate to the schools delegated budget should not be credited to a non- official fund. Any expenditure which properly relates to the non-official account should not be paid from the delegated budget.

Voluntary and private funds are not eligible to reclaim VAT on expenditure unless separately registered for VAT.

The failure by a school to provide such certificates renders itself in breach of the scheme.

## **2.9 Register of business interests**

The governing body of each school is required to establish and maintain a register that lists, for each member of the governing body and the head teacher and staff, any business and pecuniary interests they or any member of their immediate family have; details of any other educational establishments that they govern; and any relationships between school staff and members of the governing body. Nil returns from staff and governors should be included in the register. Further details are set out in the schools financial procedures manual).

The governors are also required to keep the register up to date with notification of changes through annual review of entries, and to make the register available for inspection by governors, staff and parents, and the LA; and to publish the register on a publically accessible website

## **2.10 Purchasing, tendering and contracting requirements**

Schools are required to abide by the LA's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures. An electronic version of the LAs Constitution encompassing the financial regulations and contract standing orders (section 10) can be obtained here. [Council's constitution - Southwark Council](#)

The financial regulations and contract standing orders will not apply where they would require schools

- to do anything incompatible with any of the provisions of this scheme, any statutory provision, or anything which did not comply with The Public Contracts Regulations;
- to seek LA officer countersignature for any contracts for goods or services for a value

below £60,000 in any one year;

- to select suppliers only from an approved list;
- to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions

The fact that the LA has let a contract in accordance with Public Contracts Regulations procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of procurement directives schools are viewed as discrete units and therefore have to be named to benefit from a LA let contract.

The table below sets out the different categories of contract, depending on the value of the contract (over the life of the contract including possible extensions) for supplies and services and construction works.

Contract Value	Procedure	Who can approve?
£0 <£100	School can purchase with a PO	SBM
£100 < £500	School should obtain at least 3 telephone/catalogue/website quotes	SBM
£500 < £10,000	School should obtain at least 3 written quotes	Head teacher
£10,000 < £20,000 (primary) £10,000 < £25,000 (secondary)	School should obtain at least 3 written quotes	Resources/finance committee or governing body
£20,000 <,£60,000 ( primary) £25,000 < £60,000 (secondary)	School should obtain at least 3 written quotes, including one from a local supplier, and contract need to be signed by LA	LA and governing body
£60,000 >£100,000	School should seek advice from the LA in first instance. Obtain at least 3 written quotes, including one from a local supplier, and contract need to be signed by LA	LA and governing body
More than £100,000	School should seek advice from the LA	LA

The governing body may enter into capital expenditure and leasing contracts and agreements, but they are subject to the director of education and the strategic director of finance and governance, whose permissions must be obtained in advance of any such agreement being entered in to.

The governing body shall not subdivide contracts into lots to avoid competitive tendering. The estimated value of contract split into lots shall be calculated using the total value of all lots.

## 2.11 Application of contracts to schools

Although governing bodies are empowered under paragraph 3 of schedule 10 of the

Education Act 2002, to enter into contracts, in most cases they do so on behalf of the LA as maintainer of the school and owner of the funds in the budget share. However where a governing body has a clear statutory duty, e.g. contracts made by voluntary aided or foundation schools for the employment of staff, the governing body are acting on their own behalf.

Schools have the right to opt out of LA arranged contracts except where they have lost that right for particular contracts (whenever started) in accordance with a specified written procedure. In such cases they will be bound into the contract for its length (although the contract might contain clauses allowing variance of its terms and conditions). Schools will be bound by any contract they have freely entered into with the LA.

## **2.12 Central funds and earmarking**

The LA is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares. Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used.

While these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant that the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share. Such allocations may also be sums for special educational needs (SEN) or other initiatives funded from the central expenditure of a LA's school budget or other LA budget; once again these should not be assimilated into the school's budget share.

Unless otherwise stated, such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. In general schools should assume that earmarked funds not spent within the period over which schools are allowed to use the funding (which could be different from a financial year) will be returned to the LA.

No deductions in respect of interest costs to the LA will be made from payments to schools of devolved specific or special grants.

## **2.13 Spending for the purposes of the school**

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

By virtue of section 50 (3a) (which came into force on 1<sup>st</sup> April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school to include pupils on roll at other maintained schools, academies and community facilities.

Governing bodies may not incur expenditure from the school budget for purposes which are properly the responsibility of other agencies

Governing bodies are reminded that the prime purpose of the school and its consequent expenditure should be the provision of teaching and learning for the pupils and students attending the school.

In addition the following restrictions shall apply:

- Expenses incurred in connection with staff farewell celebrations and other such

social events shall not be funded from the schools delegated budget.

- The advice of the Director of Education should be sought in relation to proposed grants to individuals or groups since these may not be classifiable as being for the purposes of the school.

The costs of non-school activities taking place on school premises are specifically excluded from schools' budget shares; these include expenditure on:

- Adult and community education, student awards, youth services, nursery schools, boarding houses, pupil referral units and secure units;
- Pre and post school activities, crèches and nurseries and other self-financing activities. Additional costs in providing these activities must be met from income raised from charges to participants for the activities;
- Non-curriculum activities. The costs of trips such as skiing must be met from charges to participants;
- Fund raising activities.

#### **2.14 Capital spending from budget shares**

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises in addition to any devolved capital grant. 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 Schools Standards and Framework Act 1998.

If the expected capital expenditure from the budget share in any one year will exceed £20,000, the governing body must submit detailed proposals to the Director of Education prior to taking any other action and take into account any advice from the Director of Education as to the merits or not of the proposed expenditure.

Where Southwark owns the premises, or the school has voluntary controlled status, the governing body shall seek the consent of the LA to the proposed works, but such consent will only be withheld on health and safety grounds. The reason for these requirements is to help ensure compliance with the School Premises Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

#### **2.15 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 Director of Education and the Departmental Finance Manager, Children and Adults Services, the school has failed to comply with any provisions of this scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

A notice of concern will not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.

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;
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share -for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

Any dispute between the LA and the school issues with a 'notice of concern' regarding any aspect of the notice will be referred to the LA's Strategic Director of Finance and Governance.

## **2.16 Schools Financial Value Standard (SFVS)**

All LA maintained schools (including nursery schools and pupil referral units that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at which time of year they wish to complete the form.

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

Schools are reminded that the SFVS requires a school to have a financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures.

All maintained schools with a delegated budget must submit the form to the LA before 31<sup>st</sup> March each year.

## **2.17 Fraud**

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

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

Where a head teacher or governing body becomes aware of any type of fraud, suspected or attempted fraud, this must be reported to the Divisional Finance Manager for Children



and Adults' Services

## SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

The LA has adopted the CIPFA Code of Practice for Treasury Management.

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

### 3.1 Frequency of Instalments

Governing bodies shall be allocated a cash sum each year by Southwark, called their schools budget share. The cash sum will be advanced to schools at predetermined monthly intervals during the course of the year. Each allocation shall be in the form of a BACS transfer into the school's bank account.

High needs top up payments will be made on a monthly basis.

### 3.2 Proportion of Budget Share payable at each instalment

Schools will receive their monthly budget share payment of schools block and high needs block as follows:-

- 1/9<sup>th</sup> April
- 1/12<sup>th</sup> May to February
- 1/18<sup>th</sup> March

Where schools are experiencing cash flow difficulties, they should inform the schools finance team

Top up payments for high needs pupils will be adjusted on a termly in arrears basis.

### 3.3 Interest clawback

There is no interest clawback from the schools budget share.

### 3.4 Interest on late share payments

Southwark will add interest to any late payments of budget share instalments to schools, where such late payment is the result of a LA error. The interest rate used will be the current Bank of England base rate.

### 3.5 Budget Shares for Closing Schools

The budget shares of schools for which approval for discontinuation has been secured, will continue up to the date of closure.

However, the maximum amount that will be made available will be the pro rata share of what would have been the annual budget share had the school not been discontinued, (including any deductions in respect of deficits from earlier years) together with any agreed variations for exceptional circumstances. Consequently the percentages set out in paragraph 3.2 above may need to be adjusted appropriately depending on the date of closure. Where the closure is phased over more than one financial year these arrangements will only apply in the last financial year in which the LA maintains the school.

Any spending from the budget share of a closing school must have regard to all aspects of this scheme. In order to minimise the Authority's liabilities, the Authority may wish to take the appropriate action which may include action permitted by this Scheme, the Education and Inspections Act 2006 (Section 66) and / or the School Standards and Framework Act

1998 (Section 51) to prevent schools entering into contractual arrangements or committing to unnecessary expenditure prior to the school closure date. Any monies incurred in this way may become the responsibility of the governing body.

### **3.6 Bank accounts**

All maintained schools have an external bank account into which their budget share instalments are paid subject to the requirements set out 3.7 below. Schools are allowed to retain all interest payable on the accounts and shall be subject to any bank charge arising.

Southwark schools that bank with NatWest and are part of the pooled arrangements may benefit from some corporate facilities and any charges are made directly to school accounts.

Schools must not be overdrawn as a matter of course and should notify Southwark of any instance of going overdrawn. Budget share funds paid by the authority and held in school accounts remain authority property until spent (section 49(5) of the act).

If a school wishes to change their banking arrangements from Nat West or another authorised provider, (section 3.7), the school must inform the schools finance team at least two months prior to the written notice of intention to change.

If a school did not previously have a bank account and then opens one Southwark will (if the school desires) transfer within 5 days of the request from the school, to the account the estimated surplus balance held by Southwark in respect of the school's budget share. Both the school and Southwark must agree the estimated surplus balance on the basis that subsequent corrections can be made when the schools' accounts are closed.

### **3.7 Restrictions on accounts**

Responsibility for opening or changing a school's bank account, that is different to the council's bank service provider, will be with the school who will notify Southwark as to the bank at which they have opened (or changed) an account.

The opening of all accounts shall be authorised by the governing body that shall set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.

The account mandate should acknowledge that Southwark:

- is the owner of the funds in the account;
- is entitled to receive bank statements;
- can take control of the account if the school's right to a delegated budget is suspended by the authority

These requirements will be ensured if the account mandate is set up with the appropriate Southwark officers signatories.

The LA's treasury management policy requires that only the following banks can be used for schools banking arrangements:

HSBC plc

National Westminster bank plc

Bank of Scotland/HBOS plc

Lloyds Bank plc

Schools having bank accounts with other banks prior to 1 April 2001 will be allowed to retain those accounts. However, any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved LA list.

School governors who are not members of staff must not be signatories to any school bank account containing LA provided funds but LA employees (including employee governors) can be signatories. Two signatories will be required for all cheques and other documents withdrawing funds from the bank.

Where a school uses BACS and other means of electronic transfer of funds, staff user rights must be approved by the head teacher and the governing body. Governors who are not members of staff are not permitted to have online access to the school bank accounts. The bank shall also be advised that the account must not become overdrawn. Schools are, in any case, prohibited from borrowing to finance a revenue deficit under the terms of the scheme for financing schools (see paragraph 3.8).

Detailed procedures on the use of bank accounts are contained in the schools' financial procedures manual.

### **3.8 Borrowing by schools**

Schools may borrow money (including finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. Any request to the Secretary of State for such permission must have been subject to prior notification to Southwark.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Governing bodies can choose to use any scheme approved by the Secretary of State without prior approval of the LA. Currently the only scheme with such approval is the Salix scheme, which is designed to support energy saving.

The general provision in the paragraphs above forbidding governing bodies to borrow money shall not apply to schemes operated by Southwark as set out in paragraphs 4.9 and 4.10. Governing bodies do not act as agents of the LA when repaying loans

Schools are reminded that using credit cards constitutes a form of borrowing, and accordingly schools are not permitted to apply or use credit cards for borrowing fund purposes. If, therefore, schools opt to use credit cards or charge cards for purchasing items that cannot be purchased using cheque payments, no interest should be incurred by the school with balances fully cleared on a monthly basis.

The governing body can authorise the use of procurement cards, including charge cards only after considering the potential risk and reviewing the procedures detailed in the schools financial procedures manual.

The above does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the trustees or foundation are able to provide as a consequence of their own borrowing.

The scheme for financing schools places a duty on the governing body of all maintained schools to plan and conduct its affairs so as to remain solvent. Schools must not borrow to finance a deficit, including through a bank overdraft. Schools shall apply good financial management practice by forecasting their cash position with reasonable accuracy to ensure that they refrain from incurring a revenue deficit, as well as maximising interest from available funds.

### **3.9 Other provisions**

Southwark may formulate further rules and guidance in respect of other aspects of banking

arrangements and these are set out in the schools financial procedures manual.

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

### **4.1 The right to carry forward surplus balances**

All schools will carry forward surplus balances from one year to the next, subject to restrictions shown in 4.2 below. The amount of a schools balance would be shown in the relevant outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although there may be commitments against any figure shown in such a statement.

The surplus balance will be calculated by a shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

### **4.2 Controls on surplus balances**

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

#### **4.2.1 Calculation of the surplus balance**

Local Authorities are no longer required to operate a balance control mechanism; however, Southwark operates a balance control mechanism on behalf of the Schools Forum. Southwark's mechanism is focused on only those schools which have built up significant excessive balances. The authority shall calculate each year the surplus balance, if any, held by each school as at the preceding 31 March.

The calculation will be based on the schools revenue balance (A) and school budget share funding (B).

The surplus balance calculation is, surplus balance (%) = (A) / (B) x 100.

For this purpose, the revenue balance (A) will be the sum of B01 (committed revenue balances) and B02 (uncommitted revenue balances), as defined in the consistent financial reporting framework. The school budget share (B) will be the sum of I01 (fund delegated by the LA), I02 (funding for sixth form students), I03 (SEN funding), I04 (funding for minority), I05 (pupil premium), as defined in the consistent financial reporting framework.

#### **4.2.2 Reporting on the intended use of surplus balances**

Where the level of surplus balance held by a school exceeds the balance control mechanism thresholds, schools will be required to report on how the school intend to make use of the balances.

The balance control mechanism threshold that applies for this purpose is 5% of the school budget share for secondary schools and 8% of the school budget share for nursery, primary and special schools. Hospital Schools are outside the scope of the Balance Control Mechanism.

For the purposes of this section, the school budget share is defined in section 4.2.1.

#### **4.2.3 Carry forward balances**

Schools are permitted to carry forward surplus balances to the level of the balance control mechanism threshold.

The Authority, under arrangements approved by the Schools' Forum, will recover excessive surplus balances from individual schools that are unsupported by specific proposals for their

use. Any such amounts recovered will be redistributed under arrangements approved by Schools' Forum.

#### **4.3 Interest on surplus balances**

Schools that are within the pooled Nat West banking arrangements are registered to be part of the interest apportionment facility. Balances held in bank accounts within Southwark's pooled arrangements will attract interest of 1 % below base rate (but if this rate falls below zero than at an agreed rate at or above zero) calculated on a daily basis and paid quarterly in arrears.

#### **4.4 Obligation to carry forward deficit balances**

Where a school completes a year-end with a deficit, the school's deficit balance to be brought forward will be identified in the S.251 (Apprenticeships, Skills, Children and Learning Act 2009) out-turn statement agreed and published by Southwark. Except in exceptional circumstances, and at the sole discretion of the local authority, the school shall repay the deficit in the following financial year.

#### **4.5 Planning for deficit balances**

A school will be prohibited from planning for a deficit in any one financial year unless the school applies for and is granted a licensed deficit. Unless Southwark approves a licensed deficit, schools should ensure that the total planned expenditure for the financial year does not exceed the budget share, adjusted by amounts brought forward from the previous financial year. See section 4.9.

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 1% of the school budget share (as defined in section 4.2.1) at 31 March of any year. The 1% deficit threshold will apply when deficits are measured as at 31 March prior to the year of the budget set.

The Governing Body is responsible for ensuring appropriate action is taken to address deficits and that this is documented with relevant minutes.

A school which finds itself in a deficit position without firstly notifying the LA will have a delegated budget review and face the prospect of losing the delegated budget status.

#### **4.6 Charging of interest on deficit budgets**

Maintained schools will be charged for deficit balances on licensed deficits at the bank base rate as at 1 April of the financial year on the agreed deficit amount. Where deficit balances remain and are not approved as a licensed deficit position then interest will be chargeable on the budgeted deficit amount. The interest chargeable to the schools will be based on 1 % above Bank Base rate as at 1 April of the financial year.

#### **4.7 Writing off deficits**

Southwark cannot write-off the deficit balance of a school, although Southwark may give assistance towards the elimination of a deficit balance through the allocation of a cash sum from the LA's schools budget (from a centrally held budget for expenditure on special schools and PRUs in financial difficulty, or for maintained schools, from a de-delegated contingency budget where this has been agreed by the schools forum)

#### **4.8 Balances of closing and replacement schools**

Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share,

including any surplus carried over from previous funding periods, of the closing school for the funding period in which it closes.

For the avoidance of doubt, when a maintained school closes and it is not due to a 'prescribed alteration', the final established balance (whether surplus or deficit) of the school will be transferred to Southwark.

#### **4.9 Licensed deficits**

Southwark will consider, in exceptional circumstances, school's request to plan for a licensed deficit where they cannot set a balanced budget without seriously impacting on the educational provision at the school.

The LA will consider the following in reaching a decision:

- the nature of the circumstances which gave rise to the deficit and whether it could be foreseen
- the schools track record in financial management
- significant falling rolls
- the robustness of the deficit recovery plan
- school in special measures or serious weaknesses
- other circumstances agreed by the LA as bring reasonable

A Licensed deficit budget must be approved by the strategic director of finance and governance and the strategic director of children's and adults services, on the recommendation of the director of education and the following conditions must be met:-

- An agreed licensed deficit can only be agreed where circumstances affecting the school have changed in ways that could not be foreseen or where pupil numbers have fallen significantly and the school needs a period to enact a reduction in expenditure to eliminate the deficit;
- There will be a maximum of three years or up to five years, in exceptional circumstances, for repayment, there will be no further extensions and therefore if the financial position of the school worsens during this period then the plans must be adjusted accordingly;
- The school must revisit the plan each year and submit any necessary revisions to the plan to ensure that the targets are met;
- The deficit subject to a plan cannot exceed 30% of the schools budget share (as defined in section 4.2.1) for nursery, primary, and special schools and 20% of the schools budget share (as defined in section 4.2.1) for secondary schools,(although in exceptional circumstances a higher amount may be agreed);
- Progress against the plan will be monitored by the schools finance team reviewing monthly monitoring returns in a manner and format that Southwark determines.

Regular meetings will be required with schools with deficit budgets by the director of education and his/her representative together with representatives of the strategic director of finance and governance and other council officers (as necessary) to review the progress towards reducing the deficit budget.

The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by Southwark on behalf of schools.

When submitting a request for a Licensed Deficit, Governing Bodies must have regard to

the guidance and details of how to apply for a licensed deficit as set out in the schools financial procedures manual, including the requirement to submit a draft budget for the next financial year by the 31<sup>st</sup> January.

A School that is unable to present a recovery plan that leads to a balanced budget over a three or up to five year period, in exceptional circumstances, may lose its right to a delegated budget.

#### **4.10 Loan Scheme**

Loans shall not be available to recover deficit balances. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income

Southwark may consider a request for a loan to assist in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. All requests are to be made in writing in the first instance to the schools finance team this will be on condition that a corresponding sum is repaid from the budget share over an agreed period of time.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

##### **4.10.1 Cash Advances**

To avoid confusion with the loan system and distinct from it, the LA may make cash advances to allow the schools to continue to operate and to ensure sufficient cash is available for them to meet payroll costs and pay invoices due. These are made to aid individual schools cash-flow, but this will not extend across the change of a financial year.

A cash advance request should be submitted detailing how the advance will be repaid within the financial year, in accordance with the guidance set out in the schools financial procedure manual.

##### **4.10.2 Credit Union Approach**

Schools may wish to group together to utilise externally held balances for a credit union approach to loans. Where schools choose to borrow money through such a scheme, Southwark will require ongoing audit certification if the authority does not itself act as administrator of the arrangement.

## **SECTION 5: INCOME**

Schools will normally be able to retain any income earned by the school except in specified circumstances.

### **5.1 Income from lettings**

Schools will retain all income from lettings of the school premises, subject to alternative provisions arising from any joint use of private finance initiative (PFI) or joint use specifically excludes this.

Schools are responsible for all arrangements for the collection, custody, control and banking of income that the school has authority to collect and account for. All income collected must be accounted for separately by collecting officers, and recorded with official numbered

receipts and not mixed with other official, voluntary or private funds. In addition, income collected must not be used to cash personal or other cheques. Payments of any sort must not be paid from income collected unless expressly authorised under the scheme for financing schools. Further details are contained in the school financial procedures handbook.

Schools can cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the education acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement and there is no net cost to the budget share. However schools should have regard to directions issued by the LA, including any policy statements on charging produced by Southwark. Further details are included in the schools financial procedures manual.

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

## **5.2 Income from fees and charges**

Schools may retain income from fees and charges except where a service is provided by Southwark from centrally retained funds. However, schools are required to have regard to all policy statements on charging produced as set out in the schools financial procedures manual.

Income from boarding charges is collected on behalf of the authority and should not exceed that needed to provide board and lodging for the pupils concerned.

## **5.3 Income from fund raising activities**

Schools may retain income from fund-raising activities. Where such activities have created a charge against the school budget, this charge must be reimbursed first, before the balance of income is credited to the non-official fund.

## **5.4 Income from sale of assets**

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for Southwark to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by Southwark. (See also Section 2: 1.4)

## **5.5 Administrative procedures for the collection of income**

Schools will be required to apply proper procedures for the accounting and collection of VAT on fees and charges arising from fund-raising activities and the sale of assets. Southwark has established administrative procedures published in the schools finance procedures manual for the collection of income that may vary from time to time in the light of advice from the VAT authorities

## **5.6 Purposes for which income may be used**

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

# **SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES**

## **6.1 General provision**

The budget share of a school may be charged by the LA without the prior consent of the



governing body only in circumstances expressly permitted by the Scheme under paragraph 6.2 and 6.3. The LA shall consult a school as to the intention to so charge, and shall notify a school when it has been done.

Schools are reminded that the LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under Section 496 of the Education Act 1996. The LA may only charge the actual cost incurred and the LA may incur a cost only for matters where it has a statutory duty to provide. If that statutory duty belongs to others, the LA has no power to intervene.

In the case of a dispute about such charges the following procedure will be used.

Should a school wish to challenge such a charge, they must set out in writing their objections to the director of education.

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

## **6.2 Charging of salaries at actual cost**

The LA is required to charge school budget shares with the salaries of school based staff at actual cost.

## **6.3 Circumstances in which charges may be made**

- Recovery of premature retirement costs that have been incurred without the prior written agreement of the LA to bear such costs. The amount chargeable will be the amounts in excess over any amount agreed by the LA.
- Recovery of other expenditure incurred to secure resignations where there is good reason to charge this to the school. (Appendix B).
- Recovery of awards by courts and industrial tribunals against the LA arising from action or inaction by the governing body contrary to the LA's advice.
- Recovery of expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work to a satisfactory standard.
- Recovery of expenditure by the LA incurred in making good defects in building work carried out by governing bodies to premises owned by the LA or the school has voluntary controlled status.
- Recovery of expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA.
- Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to the disputes procedure set out in section 6.1 above or have been referred to a disputes procedure set out in a service level agreement or contract managed by the LA, and the result is that moneys are owed by the school to the LA.
- Recovery of penalties, including any interest, imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue & Customs, Teachers Pensions, the Environment Agency or regulatory authority as a result of school negligence, or where governing bodies fail to comply with the requirements set out in the schools financial procedures manual.
- Correction of LA errors in calculating charges to a budget share (eg pension

deductions). Before applying any such provision the LA should consider whether it is reasonable to do so.

- Recovery of additional costs incurred by the LA arising from decisions by the governing body on the length of the school day e.g. transport costs and failure to notify the LA of non-pupil days resulting in unnecessary costs.
- Recovery of legal costs incurred by the LA because the governing body did not accept the advice of the LA.
- Recovery of the cost of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out.
- Recovery of any compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- Cost of work done in respect of teacher pension remittance and records for schools using non-authority payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations.
- Costs incurred by the authority in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN or specific funding for a pupil with high.
- Costs incurred by the authority due to submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes. Many grant making organisations require that bids for grants for specific projects have the support of the LA before the bid is submitted. In the event that a school that had received a grant failed to complete the project in a satisfactory manner, the LA would be required to return the funding. In such a case, the LA will recover the funds from the school's account.
- Costs incurred by the authority as a result of the governing body being in breach of the terms of a contract.
- 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.
- Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.
- Recovery of sums outstanding for 30 calendar days or more from the date the request for payment is issued where the school has entered into a contract managed by the LA, but has failed to pay an amount due under the contract. This will only take effect if the school has not disputed the payment through the relevant contracts dispute procedure; or where the dispute procedure has held the school to be liable for a sum and it has not paid. Although the LA will use its best endeavours to avoid a significant part of the 30 days falling in August, no general dispensation can be given since the disputes and payment period are likely to be conditions of the contract.
- Recovery of sums outstanding for 30 calendar days or more from the date the request for payment is issued where the school has entered into a service level agreement (SLA) with the LA, but has failed to pay an amount due under the SLA. This will only take effect if the school has not disputed the payment through the relevant contracts dispute procedure. Days in August will not count towards the 30 days. This will apply equally to requests for payment for both packages of services and "pay-as-you-use" services.

- Recovery of costs incurred by the LA where the school has failed to return information required by the LA on time, or where the information has to be corrected. This will be charged in accordance with the list of charges under service level agreements for ad hoc work, where these are applicable.
- Recovery of penalties imposed on the LA by copyright or similar agencies as a result of a governing body failing in its responsibility for copyright or similar compliance.
- Recovery of costs incurred by the LA, because the governing body did not abide by the scheme, resulting in additional work for schools finance team or internal audit beyond their regular programme of work.
- Costs incurred by the LA as a result of withdrawal of delegation.
- Recovery of unspent balances of allocations from centrally held budgets where actual expenditure did not meet the conditions of the grant aid or specific purposes for which the allocation was made, the value of that expenditure will be included in the unspent balance. In the case of grant-aided expenditure the recovery will include both the values of the grant aid and the LA's contribution unless the matched funding came from the school's delegated budget.
- Recovery of interest claw-back due on budget shares.
- Recovery of any compensation for costs incurred by the LA if a school fails to pay a debt and which subsequently falls upon the LA to pay. This will include interest payments as per the Late Payment of Commercial Debts Act 1998.

## **SECTION 7: TAXATION**

### **7.1 Value Added Tax (VAT)**

In order to be able to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity, schools will need to submit a monthly return to the schools finance team. All amounts reclaimed will be passed back to the school.

Schools must comply with tax legislation. Detailed guidance on VAT is published in the schools financial procedures manual.

Schools may not deal directly with H.M. Revenue & Customs in respect of VAT except in the case of private funds or charity accounts that are registered for VAT purposes. Neither does it include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings. Should there be any doubt as to the applicability of VAT on any payment or receipt, the head teacher should contact the schools finance team .

Where H.M. Revenues & Customs discovers errors in the operation of the VAT system within maintained schools they will seek to recover the appropriate portion of the tax from Southwark. Any amounts paid to H.M. Revenues & Customs this way will be recovered from the school's delegated budget.

### **7.2 Construction Industry Taxation Scheme (CITS)**

Payments to subcontractors employed by schools as contractors for work of a construction nature are subject to special verification and reporting and this is contained in a separate guidance note detailing these arrangements published in the schools financial procedures manual. Each school shall make returns in a prescribed format providing details of payments made under the construction industry tax declaration scheme.

Where H.M. Revenue & Customs discovers errors in the operation of the CITS system within maintained schools they will seek to recover the appropriate portion of the tax from Southwark. Any amounts paid to H.M. Revenue & Customs in this way will be recovered

from the schools budget share.

### **7.3 Payments to individuals claiming to be self-employed**

Schools are required to abide by procedures issued by the LA in connection with payments to individuals claiming to be self-employed.

## **SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

### **8.1 Provision of services from centrally retained budgets**

The LA will determine on what basis services from centrally retained funds will be provided to schools, but the LA will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early years Finance Regulations or the dedicated schools grant conditions of grant. This encompasses existing PRC and redundancy payments.

### **8.2 Provision of services bought back from the authority using delegated budgets**

The term of any arrangement with a school to buy services or facilities from the LA shall be limited to a maximum of three years from the inception of the Scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. However, schemes may contain an extension to five and seven years respectively, for contracts for the supply of catering services.

There is no minimum period, although it is to be noted that arrangements of less than two years may well be uneconomic.

When a service is provided, for which funding is not retained centrally by Southwark under the Regulations made under Section 45A of the Act, it must be offered at prices which are set to cover the costs of providing the service overall, even if schools are charged at differential rates.

### **8.3 Packaging**

Southwark may provide any services for which funding has been delegated. Where Southwark is offering the service on a buy-back basis it will do so in a way that does not unreasonably restrict schools' freedom of choice among the services available. Schools are able to purchase services on a service-by-service basis as well as in a package of services that Southwark may decide to offer.

### **8.4 Service Level Agreements**

If services or facilities are provided under a service level agreement - whether free 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 even if the agreement lasts longer than that.

Services, if offered at all by Southwark, shall be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements. Service level agreements with schools will be available to schools so that they are effective for the following financial year and schools will have at least a month to consider their terms.

Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

Premises and liability insurance are excluded from the requirements under sections 8.1 to 8.3, as the limitation may be impractical for insurance purposes.

## 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' Pension Scheme Regulations 2014, 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 apply to all governing bodies of maintained schools in Southwark, as Southwark does not currently provide a payroll service.

All governing bodies of maintained schools should ensure that their payroll provider submit a monthly return of salary and service to the authority which the authority requires to submit its monthly return of salary and service to Teachers Pensions and to produce audited contributions certificate.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the LA which Southwark, as the LA, requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate

Southwark will advise schools each year of the timing, format and specification of the information required from each school.

In addition, governing bodies must also ensure that details of additional voluntary contributions (AVCs) are passed to the LA within the time limit shown in the AVC scheme. A governing body shall ensure that any such arrangement or agreement with an external provider is varied to require that additional voluntary contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

For the avoidance of doubt as to the overall responsibility for these activities rest with the school, regardless of whether the payroll provider delivers the work

<b>School responsibility through payroll provider</b>	<b>What's Needed?</b>
Payment of monies due	Monthly contributions – timely, correct and broken down by bands for employee and employer and additional contributions
Monthly data collection	Supply Southwark Pensions Team a report in time for submission to Teachers Pensions and in an agreed secure format. Errors identified and to be cleared within 1 week of notification by LA
End of year certificate	To be supplied to Southwark by 30 April in the format notified by Southwark
End of year errors	Respond to errors within 10 working days of notification to the Local Government Pension Scheme (LGPS) and Southwark
Response to other queries raised	
LA need to confirm missing information on a Teachers record that is needed to ensure correct calculation of benefit	2 weeks from notification by Southwark Pensions Team.
Submission of joiners and leavers	Notify within 1 month of joining or leaving the scheme

## **SECTION 9: PRIVATE FINANCE INITIATIVES (PFI)/PUBLIC PRIVATE PARTNERSHIPS (PPP)**

Southwark will consult and reach agreement with governing bodies of schools regarding the implementation of any PFI schemes for specific services. Amongst other issues these may include the reaching of agreements with the governing bodies of schools as to the basis of charges relating to PFI/PPP schemes; the treatment of income from third party lettings and the treatment of monies withheld from contractors due to poor performance. All of these will be contained in a school specific 'Governing Body Agreement' that the school will be required to sign before being included within any PFI/PPP contract. This agreement is between the LA and governing body and sets out details of the services provided under the PFI/PPP contract and the schools financial contributions.

The LA has the power to charge to a school's budget share amounts agreed under a PFI/PPP scheme entered into by the school governing body.

## **SECTION 10: INSURANCE**

### **10.1 Insurance Cover**

The funds for insurance have been delegated to schools. Schools are able to continue to buy insurance services from Southwark or to make alternative arrangements for the provision of insurance cover for all their insurable interests.

Southwark, as the LA, will require the school to demonstrate that the school has taken out insurance cover relevant to Southwark's insurable interests that is equal to a scheme Southwark could provide through funding from contributions from school's delegated budgets.

Southwark is required to have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools may do this individually when any insurance contract of which they are part expires.

Alternatively, all primary and/or secondary maintained schools can join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

For any schools considering this arrangement, they must contact the council's insurance team to ensure that areas that are not covered by the RPA (but need to be covered) can be met through additional insurance cover.

## **SECTION 11: MISCELLANEOUS**

### **11.1 Right of access to information**

Governing bodies are required to supply all financial and other information which might reasonably be required to enable the authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the authority on the school; for example, 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 School Standards and Framework Act 1998, governors of maintained schools would not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

A fraudulent act is an example of behaviour that is not in good faith. Breaches of the scheme or rejecting LA advice as to financial management are not in themselves necessarily breaches of good faith.

### **11.3 Governors' expenses**

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

Under section 50 (5) of the Act only allowances in respect of purposes specified in regulations under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

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

### **11.4 Responsibility for legal costs**

Schools will not normally be reimbursed for the cost of legal actions or costs awarded against the LA where the school has not followed the advice of the LA. However, the LA may consider making a grant to meet such legal costs if the burden of such costs is likely to have an adverse impact on the ability of the school to meet its educational objectives.

This is separate from the cost of legal advice provided which may be obtained by the school either through an SLA with the LA or otherwise and will be paid for by the school in accordance with the arrangements the school has made for obtaining its legal advice.

Governors of voluntary aided schools are reminded that no legal costs relating to the governors statutory duties for buildings can be a charge on the LA for any reason as these are not part of the costs to the LA of maintaining a voluntary aided school.

Occasions might arise where the governors believe there is a conflict of interest between themselves and the LA. Where that is the case it is for the school to discuss this view with the LA in order to reach agreement about whether such a conflict does exist or might reasonably be expected to exist.

Where agreement is reached on this point, the LA will need to satisfy itself that the source of the governor's legal advice was appropriate (the diocese for example in the case of a diocesan voluntary aided school). The LA would need good reasons for rejecting any source of advice proposed by governors. Under these circumstances the school would not automatically be deemed not to be acting in accordance with the advice of the LA with the consequences set out above.

However, if no such agreement were reached or the school took advice from an unsatisfactory source or did not act in accordance with the advice given by the agreed appropriate source, the school would normally be deemed to be acting contrary to the advice of the LA and the consequences set out above would apply.

### **11.5 Health and Safety**

When planning and expending the school's budget share, the governing bodies must have due regard to their own and the LA's duties with respect to health and safety and the LA's policy on health and safety matters, by ensuring compliance.

### **11.6 Right of attendance for Chief Finance Officer**

Governing bodies are required to permit the strategic director of finance and governance or their representative, to attend meetings of the governing body at which any agenda items

are relevant to the exercise of their responsibilities.

The strategic director of finance and governance attendance shall normally be limited to items that relate to issues of probity or overall financial management and shall not be regarded as routine. Prior notice of attendance will normally be given except where it is impracticable to do so.

### **11.7 Special educational needs**

Schools are reminded of their statutory duties in respect of making proper provision for pupils with special educational needs and in particular the requirement to spend the resources over which they have control to secure the necessary provision for those children.

Failure on the part of governors to comply with this requirement could lead to costs incurred by the LA being charged to the school's budget. If a school persistently failed to make proper arrangements for these pupils, this could be sufficient reason to withdraw delegation.

### **11.8 Interest on late payments**

Under the Late Payment of Commercial Debts (Interest) Act 1998 all small company creditors must be paid within 30 days of the receipt of the invoice, unless there has been a dispute registered with the creditor. The creditor can, after such period has elapsed, submit a surcharge, on the original amount outstanding, of the current bank rate plus 8%.

### **11.9 Whistleblowing**

Procedures are set out in the schools financial procedures manual for school governors and/or people working at a school to follow should they wish to complain about financial management or financial propriety at the school. These procedures set out how such complaints will be dealt with.

### **11.10 Child Protection**

Schools are required to release staff to attend child protection case conferences and other related events. Schools will not be recompensed directly for this release but schools are reminded that pupil disadvantage is a factor in Southwark's funding formula.

### **11.11 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided in Appendix B.

## **SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

### **12.1 Funding**

Southwark shall delegate all funding for repairs and maintenance to schools as defined by the statement showing the categories of work. This is shown in appendix C.

### **12.2 Capital**

Southwark will only retain capital expenditure as defined by the CIPFA Code of Practice. This is shown in appendix C.

### **12.3 Voluntary aided schools (VA) schools**

For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools VA governor responsibilities are set out in detail in the DfE document '*Voluntary Aided and Special Agreement Schools – Determination of Financial Liability*'.



However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work.

## **SECTION 13: COMMUNITY FACILITIES**

### **13. Introduction**

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. Regulations made under s.28 (2), if made, can specify activities, which may not be undertaken at all under the main enabling power.

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

Under section 28(1), the main limitations and restrictions on the power will be those contained in the Southwark's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

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

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

The budget share of a school may not be used to fund community facilities -either start-up costs or ongoing expenditure -or to meet deficits arising from such activities.

#### **13.1 Consultation with the authority: financial aspects**

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

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

Schools may though benefit from informal advice from relevant officers in order that both schools and the LA are alerted to any potential financial and other operational liabilities for those affected by any decisions made and to be alerted to any formal consultation that is required. . It is suggested that:-

- If a decision is made to enter into a third party arrangement in respect of this provision, the governing body should submit a proposal to Southwark.
- Southwark will respond and provide advice to the governing body, depending upon the type of agreement, within eight weeks of receipt of the proposal.

### **13.2 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.

Southwark's requirement in relation to funding agreements with third parties (as opposed to funding agreements with Southwark itself) is that any such proposed agreement should be submitted to Southwark for its comments, giving Southwark at least six weeks to allow adequate time to consider, advise and respond.

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

### **13.3 Prohibitions, restrictions and limitations**

#### ***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. Southwark 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 Southwark 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 Southwark.

Southwark 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.

#### ***Property considerations***

In considering any proposals for the provision of community facilities, Southwark 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.

Southwark 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 Southwark feels additional provisions are required to safeguard the financial position of Southwark or school, or to protect pupil welfare or education, it will make application to the Secretary of State for this Scheme to be amended.

### **13.4 Supply of financial information**

Schools, which exercise the community facilities power, are required to provide Southwark every six months, from the commencement date of the project, with a summary statement, in a form determined by Southwark. 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, Southwark will require such financial statements to be supplied every 3 months. If Southwark sees fit, it may also require the submission of a recovery plan for the activity in question.

Financial information relating to community facilities will be included in returns made by schools under the consistent financial reporting (CFR) framework.

Southwark 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. Southwark will suspend the right to delegation, if necessary.

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

### **13.5 Audit**

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.

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 Southwark 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 Southwark to satisfy itself as to the propriety of expenditure on, and income from, the facilities in question.

### **13.6 Treatment of income and surpluses**

Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that is Southwark or some other body or individual.

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 Southwark at the end of each financial year, transfer all or part of it to the budget share balance.

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

### **13.7 Health and Safety**

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 Southwark in relation to health and safety, and Southwark'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 2015 and schools must ensure that all the requirements of these regulations are met.

The governing body is responsible for the costs of securing Disclosure and Barring Service clearance, where appropriate 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.

### **13.8 Insurance**

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, taking professional advice as necessary. Schools are required to provide information to Southwark to confirm the details of its insurance arrangements/cover for any community facilities provision. This enables Southwark to check that any insurable interest it may have is covered.

In principle, the insurance issues arising from use of the community facilities power are the same as those that 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. Instead of taking out insurance a school may join the RPA for risks that are covered by the RPA.

Southwark can carry out its own assessment of the insurance arrangements made by a school in respect of community facilities and if it is judged 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 Southwark to protect itself against possible third party claims.

It may be necessary for insurance to be in the joint names of the governing body and Southwark. All schools are required to seek Southwark's advice before finalising any insurance arrangement for community facilities.

### **13.9 Taxation**

Schools should seek the advice of Southwark (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.

Southwark will make further, specific advice available to schools, as appropriate and this will be contained in the schools financial procedures manual.

In general, schools may only make use of Southwark's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds.

Southwark will follow H.M. Revenue & Customs guidance concerning the recovery of VAT where schools use donated funds.

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), the school is likely to be held liable for payment of income tax and national insurance, in line with H.M. Revenue & Customs rules.

Schools are required to abide by procedures issued by Southwark in connection with the construction industry tax deduction scheme (CIS) and contained in the schools financial procedures manual.

### **13.10 Banking**

Where a school opts to provide community facilities, it must operate the same banking arrangements, which it uses for its budget share. Schools should maintain a separate bank account with adequate internal accounting controls to maintain separation of funds.

The requirements in relation to banks in the scheme for financing schools continues to apply in respect of banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates (except that such mandates may provide that funds for community facilities not provided by Southwark are not the property of Southwark), and similar matters.

#### SCHEDULE OF SCHOOLS INCLUDED IN THE SCHEME

School	DFE No	Type	Type
Ann Bernadt Nursery School	1025	Community	Nursery
Dulwich Wood Nursery School	1035	Community	Nursery
The Grove Nursery School	1050	Community	Nursery
Kintore Way Nursery School	1000	Community	Nursery
Nell Gwynn Nursery School	1044	Community	Nursery
Albion School	2003	Community	Primary
Alfred Salter School	2853	Community	Primary
Bellenden School	2038	Community	Primary
Bessemer Grange School	2856	Community	Primary
Brunswick Park Primary School	2858	Community	Primary
Camelot School	2085	Community	Primary
Cobourg School	2116	Community	Primary
Comber Grove School	2123	Community	Primary
Crampton School	2138	Community	Primary
Crawford School	2142	Community	Primary
Dog Kennel Hill School	2161	Community	Primary
Phoenix Primary School	2848	Community	Primary
Goodrich School	2257	Community	Primary
Grange School	2263	Community	Primary
Heber School	2293	Community	Primary
Hollydale School	2308	Community	Primary
Ilderton School	2323	Community	Primary
Ivydale School	2328	Community	Primary
John Ruskin School	2339	Community	Primary
Keyworth School	2351	Community	Primary
Dulwich Wood Primary School	2365	Community	Primary
Michael Faraday School	2411	Community	Primary

School	DFE No	Type	Type
Oliver Goldsmith School	2855	Community	Primary
Pilgrims Way School	2852	Community	Primary
Riverside School	2514	Community	Primary
Robert Browning School	2516	Community	Primary
Rotherhithe School	2526	Community	Primary
Rye Oak School	2462	Community	Primary
Snowsfields School	2560	Community	Primary
Southwark Park School	2562	Community	Primary
Tower Bridge School	2607	Community	Primary
Townsend School	2609	Community	Primary
Victory School	2621	Community	Primary
Boutcher CE School	3313	Voluntary	Primary
Cathedral School of St Saviour & St Mary Overie	3593	Voluntary	Primary
Dulwich Village CE Infant School	3337	Voluntary	Primary
English Martyrs RC School	3341	Voluntary	Primary
Peter Hills with St Mary's & St Paul's CE School	3516	Voluntary	Primary
St Francis RC School	3435	Voluntary	Primary
St George's Cathedral RC School	3447	Voluntary	Primary
St George's CE School	3445	Voluntary	Primary
St James' CE School	3452	Voluntary	Primary
St James the Great RC	3399	Voluntary	Primary
St John's & St Clement's CE School	3460	Voluntary	Primary
St John's RC School	3669	Voluntary	Primary
St Joseph's RC School The Borough	3484	Voluntary	Primary
St Joseph's RC School (026)	3476	Voluntary	Primary
St Joseph's RC School (014B)	3475	Voluntary	Primary
St Jude's CE School	3492	Voluntary	Primary
St Mary Magdalene CE School	3508	Voluntary	Primary
St Peter's CE School	3586	Voluntary	Primary
Charlotte Sharman School	5207	Foundation	Primary
Friars School	5205	Foundation	Primary

School	DFE No	Type	Type
St Anthony's RC School	5201	Voluntary	Primary
St Francesca Cabrini RC School	5200	Voluntary	Primary
St Joseph's RC Camberwell Infant School	5204	Voluntary	Primary
St Joseph's RC Camberwell Junior School	5203	Voluntary	Primary
St Saviour's & St Olave's School	4680	Voluntary	Secondary
Notre Dame Roman Catholic Girls' School	5404	Voluntary	Secondary
The St Thomas the Apostle College	5402	Voluntary	Secondary
Beormund School	7167	Special	Primary
Cherry Gardens School	7186	Special	Primary
Haymerle School	7126	Special	Primary
Highshore School	7007	Special	Secondary
Tuke School	7174	Special	Secondary
Evelina Hospital School	7066	Special	Hospital
The Bethlem & Maudsley Hospital School	7073	Special	Hospital
SILS	1104	Pupil Referral Unit	Secondary School

## APPENDIX B

### RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance sets out the position relating to the charging of voluntary early retirement and redundancy costs under the 2002 Education Act and the circumstances in which exceptions will be made.

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 local 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).”

#### Early Retirement Costs

Premature retirement, **including ill health retirement**, costs must be charged to the school’s delegated budget unless the local authority agrees otherwise for costs to be centrally funded.

Agreement to charge the local authority’s budget would be subject to a successful application for additional support to the LA schools in financial difficulty panel.

Premature retirement costs would be expected to be met from the local authority non-schools budget or central 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 or has been terminated as a result of local authority or government intervention to improve standards

#### Redundancy Costs

Redundancy costs must be charged to the local authority’s budget unless there is a good reason for it not to be centrally funded.

Redundancy costs would be expected to be met from the school’s delegated budget in the following circumstances:



- If a school has decided to offer more generous terms than the authority's policy;
- If a school is otherwise acting outside the LA policy;
- Where the school is making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of an agreed deficit arrangement;
- Where staffing reductions arise from a deficit caused by factors within the schools control;
- Where the school has excess surplus balances and no agreed plan to use these;
- Where a school has refused to engage with the LA's redeployment policy;
- Approval in principle of the reorganisation has not been sought from the panel in advance of the reorganisation.

The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree. 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. A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

Agreement to charge the local authority's budget would be subject to a successful application for additional support to the LA schools in financial difficulty panel.

LOCAL AUTHORITY CAPITAL / REVENUE SPLIT AND ITEMS (WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VOLUNTARY AIDED SCHOOLS)

**ILLUSTRATIVE EXAMPLES IN LINE WITH DfE INTERPRETATION OF CIPFA CODE OF PRACTICE**

<b><u>ELEMENT</u></b>	<b><u>CAPITAL: AS CIPFA CODE OF PRACTICE</u></b>	<b><u>REVENUE: REPAIRS &amp; MAINTENANCE</u></b>	<b><u>VA SCHOOLS – GOVERNORS RESPONSIBILITIES (Full Details In DfE Document “Determination Of Financial Liability”)</u></b>
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Roofs	CAPITAL	REVENUE	GOVERNORS' RESPONSIBILITIES
<u>Flat</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure	New structure and repair replacement of structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed	Replacement of structure
	Screed / insulation in a new building/extension	Repair/replacement of screed/ insulation where defective.	New screed/insulation and repairs
	Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair/ replace small areas of roof.	Replacement/repair of screed/insulation
	Finish on new build. Replacement of all/substantially all on existing roof	Replacement of roof finish on existing building, to under capital value limit. Re-coating chippings to improve life expectancy	Finish on new build. Replacement of roof finish on existing building. Re-coating
	Edge Trim/ Fascia on new build	Repairs/ replacement. (uPVC) Repainting.	Edge Trim/fascia on new build and repairs/replacement/ repainting

Roofs	CAPITAL	REVENUE	GOVERNORS' RESPONSIBILITIES
	Edge Trim/ Fascia, Replacement of all/substantially all on existing roof	Repairs/ replacement. (uPVC) Repainting.	Replacement of edge Trim/Fascia on existing building
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes	Drainage on new building and repairs/replacement/ repainting ( <u>NOT</u> cleaning gutters/downpipes)
	Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof	Repair/ Replacement/ cleaning of individual items	Flashings/rooflights on new building and repair/replacement ( <u>NOT</u> cleaning)
<u>Pitched</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure	Structure of new roof and all repairs <u>EXCEPT</u> trusses (i.e. internal repairs)
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses	Replacement of internal structure <u>EXCEPT</u> trusses (i.e. internal repairs)
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof	Insulation in new building and repair/replacement.
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards		Repair/replacement or improve insulation
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged	Finish in new building/extension and repair/replacement in existing building

<b>Roofs</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting	Bargeboards/fascias in new building/extension and repairs/replacement/repainting in existing building
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters	Drainage in new building/extension and repair/replacement. <u>(NOT</u> cleaning guttering or downpipes)
	Drainage. Replacement of all/substantially all on existing roof		Drainage replacement in existing roof.
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning	Flashings, roof windows in new building/extension and repair replacement <u>(NOT</u> cleaning) in existing roof
<u>Other</u>	Provide new covered link etc. between existing buildings Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building Rebuild or substantially repair structure of existing porch	Minor repairs, maintenance to existing covered link Minor repairs, maintenance to existing	Provide new covered link and repairs to existing. <u>(NOT</u> cleaning) Re-build or repair structure of existing covered link. Add new porch and minor repairs to existing Re-build or repair existing porch.
<b>Floors</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Ground Floor</u>	Structure and dpc in new building	Repair/replacement of small parts of an existing structure	Structure and dpc of new building and repair replacement to existing structure
	Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent		

	or correct actual major failure of the structure		
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.	Provide screed and finish in new buildings ( <u>NOT</u> repairs to finishes, matwells etc.)
<u>Upper Floor</u>	Structure - as ground floor	As ground floor	Structure of new building and replacement of existing structure
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor	As ground floor
<b>Ceilings</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Top/ only storey</u>	Suspension	Repair/ replacement incl. From water damage, & necessary decoration	Provision, ( <u>NOT</u> repair or replacement)
	Membrane		Provision, ( <u>NOT</u> repair or replacement)
	Fixed	Repair/ replacement inc. from water damage	Provision, ( <u>NOT</u> repair or replacement)
	Access panels	Repair/ replacement	Provision, ( <u>NOT</u> repair or replacement)
<u>Lower storeys</u>	Suspension	Repair/ replacement	Provision, ( <u>NOT</u> repair or replacement)
	Membrane		Provision, ( <u>NOT</u> repair or replacement)
	Fixed	Repair/ replacement	Provision, ( <u>NOT</u> repair or replacement)
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection	Removal/replacement of damaged/disturbed asbestos <u>EXCEPT</u> where part of repair project.

<b>External walls</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Masonry/cladding</u>	Structure Underpinning/ propping for new build	Repairs Preventive measures e.g. tree removal	Structure, underpinning/ propping of new building and repairs, ( <u>NOT</u> tree removal unless part of clearing new site)
	External Finish on new build	Repair/replacement of small parts of an existing structure. e.g. repointing/recladding a proportion of a wall where failure has occurred.	External finish on new building and repairs/replacement of existing structure including re-pointing/re-cladding
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build		External finish on existing building including correcting of structure.
<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames	New window frames and doors in new building and repairs/replacement ( <u>NOT</u> replacement/repair/ re-painting of internal doors or windows)
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames	New windows in replacement programme
	Glazing - new build	Replacing broken glass	Glazing new building and replace broken glass.
	Glazing Upgrading existing glazing		Upgrading existing glazing
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.	Ironmongery to improve security and repair/replacement.
	Jointing including		Jointing

	mastic joints		
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.	Internal and external decoration of new provision, external re-decoration ( <u>NOT</u> internal re-decoration)
<u>Masonry chimneys</u>	Structure		Structure of chimneys
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing	Jointing/Pointing and DPC of chimneys and repair/re-pointing.
<b>Internal walls</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.	New walls & finishes, ( <u>Not</u> repair/ replacement)
	Refurbishment and alterations	Minor alterations	
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.	New partitions, ( <u>Not</u> repair/ replacement)
	Refurbishment and alterations	Minor alterations	
<u>Doors &amp; Screens</u>	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens	Provision of new, ( <u>Not</u> repair/ replacement)
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass	New glazing and replacement of broken glass, ( <u>Not</u> internal window repairs)
<b>Sanitary Services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Lavatories</u>	In new buildings provision of all toilet fittings, waste	Repair/ replacement of damaged sanitary ware, fittings, waste	Provision. ( <u>Not</u> repair/ replacement of damaged sanitary ware)

	plumbing and internal drainage.	plumbing etc.	
	Large scale toilet refurbishment	Small areas of refurbishment	Provision / refurbishment (Not replacement of damaged sanitary ware)
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.	Provision, ( <u>Not</u> repair/ replacement of damaged fittings etc.)
<u>Kitchens</u>	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations	Maintain kitchen to requirements of LA  Cleaning out drainage  Redecoration  Repairs  Repairs/replacement parts	
<b>Mechanical services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Heating/ hot water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects	Provision of complete system, ( <u>Not</u> repair/ replacement or maintenance)
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems  Health & safety issues	
	Planned replacement of old boiler/ controls systems past the end of their useful life  Emergency replacement of boiler plant/systems	Replacement of defective parts	



<u>Cold water</u>	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.	Provision of complete system, ( <u>Not</u> repair/ replacement or maintenance)
<u>Gas</u>	Distribution on new and major refurbishments, terminal units	Repairs, maintenance and gas safety All servicing	
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units	Provision, ( <u>Not</u> repair/ replacement)
<u>Other</u>	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.	If Governors provided .
<b>Electrical services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>General</u>	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.	Provision, ( <u>Not</u> repair/ replacement or maintenance)
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.	
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment	Provision, ( <u>Not</u> repair/ replacement)

<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency	Provision, ( <u>Not</u> repair/ replacement)
<u>Other</u>	Lightning protection in new build	Repair/ replacement	Provision and repair
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance	Provision, ( <u>Not</u> repair or maintenance)
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems	
<b>External Works</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.	Provision if part of statutory proposal project. <u>Not</u> repair or maintenance  Provision and repair of ramps and steps.
<u>Miscellaneous</u>	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.	
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.	Foul drainage plus external gutters and drainpipes. Not maintenance
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.	If governors provided .

<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing	Provision grant aided but <u>not</u> for repair
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