

NOTTINGHAMSHIRE LA SCHEME FOR FINANCING SCHOOLS: SECTION 48 OF THE SCHOOL STANDARDS AND FRAMEWORK ACT 1998

LIST OF CONTENTS

1. INTRODUCTION

- 1.1 The funding framework: Main Features
- 1.2 The role of the scheme
- 1.3 Application of the scheme to the Local 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

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 audits
- 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

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 budget shares
- 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

4. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

- 4.1 Right to carry forward surplus balances
- 4.2 Controls on surplus 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

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 the sale of assets
- 5.5 Administrative procedures for the collection of income
- 5.6 Purposes for which income may be used

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

7. TAXATION

- 7.1 Value Added Tax
- 7.2 Construction Industry Scheme (CIS)

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

- 8.1 Provision of services from centrally retained budgets
- 8.2 Timescales for the provision of services bought back from the LA using delegated budgets.
- 8.3 Packaging
- 8.3 Service level agreements
- 8.4 Teachers Pensions

9. PRIVATE FINANCE INITIATIVE (PFI)/PUBLIC PRIVATE PARTNERSHIP (PPP)

10. INSURANCE

- 10.1 Insurance cover

11. MISCELLANEOUS

- 11.1 Right of access to information

- 11.2 Liability of governors
- 11.3 Governors allowances
- 11.4 Responsibility for Legal Costs/Advice and Associated Costs
 - 11.4.1 Provision of General Legal Advice
 - 11.4.2 Charging Budget Share
- 11.5 Health and Safety
- 11.6 Right of attendance for Service Director - Finance, Infrastructure & Improvement
- 11.7 Special Educational Needs
- 11.8 Interest on late payments
- 11.9 Whistleblowing
- 11.10 Matters connected with Child protection
- 11.11 Redundancy/early retirement costs

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

13. COMMUNITY FACILITIES

- 13. Introduction
 - 13.1 Consultation with the authority:financial aspects
 - 13.2 Funding Agreements:LA powers
 - 13.3 Other 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

ANNEX A: Retention of Records

ANNEX B: Tendering Procedures

ANNEX C: Request to Waive the Need to Obtain Tenders

ANNEX D: Local Bank Account Scheme Regulations

ANNEX E: Loan Scheme

ANNEX F: List of Schools Covered by Scheme

ANNEX G: Responsibility for Redundancy and early retirement costs

1. INTRODUCTION

1.1 The Funding Framework: Main Features

The Nottinghamshire LA Scheme for Financing Schools (“the Scheme”) is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998 (“the Act”).

Under this legislation, Nottinghamshire Local Authority (“the LA”) determines the size of the schools budget and the non-schools education budget, although at a minimum the LA must appropriate its entire Dedicated Schools Grant to the Schools Budget.

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

The LA may deduct funds from the schools budget for purposes defined 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 LA, subject to any limits or conditions (including gaining the approval of the Schools 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 expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

The LA must distribute the ISB amongst 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 this Scheme published by the LA in accordance with s.48 of the Act and regulations made under that section.

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

Subject to any provision made by or under the Scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amount spent for the purposes of the school (s50(3A) of the Act).

The LA may suspend a school's right to a delegated budget if the provisions of the Nottinghamshire LA Scheme for Financing Schools (or rules applied by the scheme) have

been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

A school's right to a delegated budget share may also be suspended for other reasons as set out under schedule 17 of the Act.

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

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

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

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

1.2 The role of the scheme

The scheme sets out the financial relationship between the LA and the maintained schools that it funds. It contains requirements relating to financial management and other associated issues that are binding on both the LA and schools.

In drawing up the Scheme the aim has been to achieve the correct balance between the need to maintain a proper control over public funds and the role of governing bodies as incorporated bodies having their own statutory functions and freedoms. The scheme provides a framework of controls and standards thought necessary to achieve the proper administration of a school's financial affairs. These are designed to safeguard the interests of schools, their governors and their employees, whilst at the same time enabling the statutory responsibility for the proper administration of the LA's affairs, placed upon the Service Director – Finance, Infrastructure & Improvement by s.151 of the Local Government Act 1972, to be satisfied.

The Scheme is supplementary to the LA's Financial Regulations and is supported by other rules applied by the Scheme. However, s.48 of the Act provides that where there is an inconsistency between the Scheme and any other rules or regulations relating to the funding or financial management of schools, the terms of the Scheme shall prevail.

The governing body of a school, in conjunction with the headteacher, is responsible for observance of provisions of the Scheme and for ensuring that sound financial controls are in place. Where there is doubt on any issue guidance may be obtained from C&F Finance or the Service Director - Finance, Infrastructure & Improvement Internal Audit Service.

1.3 Application of the scheme to the Local Authority and maintained schools

The Scheme applies in respect of all community, nursery, voluntary, foundation (including trust), community special, foundation special schools or Pupil Referral Units maintained by the authority. Annex L lists schools covered by the Scheme at the time of publication.

1.4 Publication of the scheme

A copy of the scheme will be provided to the Headteacher and Governing Body of each school covered by the scheme via the LA website. Any approved revisions to the scheme will also be notified to each such school. The scheme and any subsequent revised versions will be placed on the main LA website so it can be accessed by the general public.

1.5 Revision of the scheme

The Corporate Director - Children and Families and the Service Director - Finance, Infrastructure & Improvement shall be responsible for proposing any amendments to the Scheme that they consider desirable for the supervision and control of school finances. Any proposed revisions will be subject to consultation with all schools covered by the scheme. All revisions must be submitted to the Schools Forum for approval of 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 LA, the LA may apply to the Secretary of State for approval. It is also possible for the Secretary of State to make directed revisions to the Scheme after consultation, such revisions become part of the Scheme from the date of the direction.

1.6 Delegation of powers to the head teacher

The governing body is responsible for ensuring that the financial affairs of the school are conducted in accordance with the Scheme (see 1.2 above) and for the financial implications arising from decisions on: -

- the overall management of the school and the implementation of the school development plan;
- determination of the use of the school budget share, linked to priorities set in the school development plan;
- staffing levels and gradings;
- appointments and dismissals.

The establishment of committees enables a governing body to delegate some decision-making. The Governing Body decision planner, published by the LA, will enable each school covered by the Scheme to decide which decisions are to be delegated.

The first formal budget plan of each financial year must be approved by the Governing Body, or by a committee of the Governing Body.

The extent to which it wishes to delegate its powers to the headteacher is a matter that should be considered by each governing body. However, it is recommended that, in order to facilitate the day-to-day operation of the school, matters of detail should be delegated thereby enabling the governing body to concentrate on the overall strategic financial management of the school. Decisions on the delegation of powers to the headteacher, and any revisions to these should be recorded in the minutes of a governing body meeting. Such decisions should comply with the requirements of any regulations made under s.38 of the Act.

It is recommended that schools produce and maintain a document summarising the roles and responsibilities of the governing body, its committees, the headteacher and other staff.

1.7 Maintenance of schools

The LA is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary

aided school where some of the expenses are, by statute, payable by the governing body). Part of the way the LA maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

2 FINANCIAL CONTROLS

2.1 General procedures

2.1.1 Application of financial controls to schools

In the management of their delegated budgets schools are required to abide by the LA's requirements on financial controls and monitoring. These are set out throughout this Scheme and are supplemented by more detailed requirements published in financial guidance booklets and procedure notes issued to schools by C&F Finance and the Service Director - Finance, Infrastructure & Improvement.

Accounting procedures and records in schools shall be maintained by the governing body in a manner approved by the Service Director - Finance, Infrastructure & Improvement that enables the headteacher to provide information in the format requested by the Service Director - Finance, Infrastructure & Improvement. The school shall report any discrepancies in the accounting records to the Service Director - Finance, Infrastructure & Improvement promptly. Annex A specifies the period for which financial records need to be retained.

The governing body may operate the FMS system in order to manage their school finances.

Other financial systems may be used only with the approval of the Service Director - Finance, Infrastructure & Improvement and Corporate Director - Children and Families.

2.1.2 Provision of financial information and reports

Schools are required to provide the LA with details of anticipated and actual expenditure and income in a form and at times determined by the LA. However the LA may not require submission of such details more than once every three months except for:

those connected with tax or banking reconciliation (i.e. schools operating a local bank account are required to promptly submit monthly returns in an approved format to C&F Finance)

where the LA has notified the school in writing that the school's financial position requires more frequent submission

where the school is in its first year of operation.

2.1.3 Payment of salaries; payment of bills

Payment of Salaries

All payments to individuals should be made through the school's payroll, to allow statutory deductions of tax and National Insurance. For each contract awarded where the engaged contractor regards themselves as self employed, schools should comply with the guidance on the 'employment status of self-employed contractors' and complete an NCC Employment Assessment Form. If, having completed the form, a school has any doubts about the employment status it should pay the individual using the payroll system.

Schools may choose for their payroll to continue to be administered by the Service Director - Finance, Infrastructure & Improvement by purchasing the payroll service offered to schools as part of the annual Services for Schools packages. Where this is the case the school is responsible for promptly forwarding to the Service Director - Finance, Infrastructure & Improvement all information required to maintain its payroll.

Schools opting to make other arrangements for payroll processing and paying emoluments from local bank accounts will be designated by the HMRC as separate employers for PAYE purposes. As such they will be responsible for penalties or interest charges incurred as a result of any non-compliance. The school will need to ensure that procedures are in place to enable it to: -

- make payments to employees;
- produce and distribute pay slips;
- ensure that payroll transactions and deductions are properly accounted for;
- ensure that statutory returns are made and deductions paid over to the appropriate agencies;
- ensure the correct treatment of statutory sick pay (SSP) and statutory maternity pay (SMP);
- implement tax codes changes and issue P45s, P60s, P35s, P11Ds, etc.
- make arrangements for processing / pay over of employees' deductions and employers' contributions under the Local Government Pension Scheme and Teachers' Pension Scheme including, where appropriate, deductions for AVC contracts;
- make arrangements for processing / pay over of other deductions, e.g. trade union contributions, attachment of earnings orders, etc.

The LA is responsible for remitting pension contributions to the Teachers' Pension Scheme in respect of all schools maintained by it. This includes foundation schools from 1 September 1999. As such any school which has payroll administration handled by an organisation other than the LA will need to make arrangements for supplying contributions to the LA by specified deadlines and enabling the LA to have audit assurance that these contributions are correct.

Payment of Bills

Schools will need to make payments to their own creditors and deal with all queries relating to these. Such schools are reminded of the need to date invoices on receipt and pay creditors promptly in accordance with the requirements of the Late Payment of Commercial Debts Act 1998. Any interest penalties arising from non-compliance will be the responsibility of the school.

2.1.4 Control of assets

The governing body is responsible for maintaining proper security at all times for all assets including buildings, stocks, stores, furniture, equipment, cash, etc. under its control. The governing body shall inform the Corporate Director - Children and Families where security is thought to be defective or where it is considered that special security arrangements may be needed.

An inventory of all moveable assets worth £1,000 or more should be maintained. As a minimum the inventory list should include:

- Line number
- Description of the item
- Make/model
- Date received
- Serial Number
- Location

Schools may choose to include other assets worth less than £1,000 on this inventory and record additional information as they see fit. It is recommended that schools keep an inventory of all portable and desirable items.

All items should be security marked as being the property of the school. Inventories should be kept up to date to record all items received or disposed of by whatever means. The governing body may dispose of surplus equipment or goods by following the same procedures as those for purchasing as stated in section 2.10 below. Inventories should show any income received from disposals and cross-references to financial and banking records.

Loans of equipment (e.g. to staff) should be authorised in advance and recorded in a Loans Register that should also specify a date for return.

At least annually, a physical check should be carried out of inventory items to confirm that all items are still held at the school. Any discrepancies shall be reported to the governing body.

Money left on the premises shall be secured in a locked safe, where available, or locked secure cabinet. Such safes and cabinets must be kept locked and the key removed. Keys to safes and cashboxes must be carried on the person of nominated key holders at all times. The loss of such keys should be reported to the Headteacher immediately.

Losses due to theft of stocks or cash shall be promptly reported to the Police, the Corporate Director - Children and Families and the governing body.

Arrangements should be made to enforce separation of duties and ensure that only authorised staff has access, appropriate to their status, to computer hardware and software used for school management. Passwords should not be disclosed and should be changed regularly. Steps must be taken by the Headteacher to ensure that there is effective back up procedures for all computer systems.

2.1.5 Accounting policies (including year-end procedures)

The Service Director - Finance, Infrastructure & Improvement is responsible for maintaining the statutory accounting records of the LA. Schools are required to abide by accounting policies, including year-end procedures, notified by the LA. As part of this the Headteacher shall provide the Service Director - Finance, Infrastructure & Improvement with any information requested for the purpose of maintaining and closing the accounts. Such information shall be provided in accordance with the timetable determined by the Service Director - Finance, Infrastructure & Improvement.

Schools shall follow the detailed guidance on year-end procedures contained in the annual Final Accounts Pack produced by C&F Finance.

2.1.6 Writing off of debts

Where sales invoices have been raised in respect of income due (see section 5.5 below) it may become necessary for uncollected debts to be written off. Schools are responsible for collecting their own debts and any proposed write off should be referred to the governing body for approval. It is the responsibility of the school to follow these up in order to try and secure payment. Where debts remain uncollected after a period of 6 months the Service Director - Finance, Infrastructure & Improvement may decide to write these off. Schools will be notified of such write offs, which will be debited to their financial accounts, and should refer these to the governing body for information.

2.2 Basis of accounting

The statutory accounts of the LA are maintained on a cash basis throughout the financial year but prepared on an accrual basis at the year-end. Schools are required to comply with this as part of the requirements specified in sections 2.1.2 and 2.1.5 above.

Schools may operate internal reporting systems as they wish, provided that they can still provide information in the format required by the Service Director - Finance, Infrastructure & Improvement. However, it is strongly recommended that such internal reporting systems incorporate records of expenditure committed but not yet incurred and income due but not yet collected.

2.3 Submission of budget plans

C&F Finance will issue an annual Budget Pack giving guidance on budget preparation and submission to schools. The governing body shall determine how its budget share is to be spent and shall notify the Corporate Director - Children and Families by 31 May of its proposed annual detailed budget. The form of such notification shall be prescribed by the Corporate Director - Children and Families in agreement with the Service Director - Finance, Infrastructure & Improvement and set out in the annual Budget Pack.

Schools should take account of estimated deficits/surpluses at the previous 31 March in their budget plan.

Schools with licensed deficits may be required to submit revised budget plans throughout the year at intervals not more frequent than once every three months. Such schools will also be required to submit projected budgets for future years as part of their plan for overcoming the deficit (see section 4.9 below).

A school which submits an initial budget plan for the year which is not in deficit but subsequently identifies that it will have a deficit by the end of the financial year must contact C&F Finance immediately in order to seek approval for a revised plan and, where necessary, a licensed deficit.

The school's formal annual budget plan must be approved by the full governing body or a committee of the governing body to which this responsibility has been delegated.

All schools are required to provide a reforecast of the current year budget by the 30th November in a similar format to that required in the submission of the annual budget plan.

2.3.1 Submission of Financial Forecasts

The LA requires schools to submit a 3 year budget by 31st May.

This information will be used to support the LA balance control mechanism outlined in section 1.2 of the scheme.

The financial forecast will be in a format prescribed by the LA. This will be notified to all schools in advance of the start of each financial year.

Schools are also asked for multi-year financial forecasts as part of other sections of this scheme. For example, as part of a loan application or a deficit recovery plan.

2.4. School resource management

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

It is for headteachers and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency 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

The governing body of a school may vire freely between budget heads in the expenditure of their budget share. It may also decide to delegate this responsibility to the headteacher up to a defined limit (see section 1.6 above).

2.6 Audit: General

The Governing Body is responsible for ensuring an adequate level of internal control exists within the school.

As a minimum, an audit of accounting, financial and other activities of the school shall be undertaken in accordance with the requirements of the Service Director - Finance, Infrastructure & Improvement, at such times and frequencies as the Service Director - Finance, Infrastructure & Improvement and Corporate Director, Children and Families consider appropriate.

The Service Director - Finance, Infrastructure & Improvement shall have the responsibility to monitor systems of financial management and internal control across all LA maintained schools. This is normally achieved through an audit of the school's financial procedures and controls with the findings and recommendations being reported to the school, the governing body, Corporate Director - Children and Families or Committees of the LA. The assurance review is designed to review and appraise:-

- the soundness, adequacy and application of financial and other related management controls;
- the extent of compliance with, and financial effect of, established policies, plans and procedures;
- the extent to which the LA's assets and interests are being safeguarded from losses of all kinds through,
 - fraud and other offences,
 - waste, extravagance, poor value for money or other causes;
- the suitability and reliability of financial and other related management data developed within schools.

Schools are responsible for ensuring an audit is carried out which provides these assurances to the satisfaction of the Service Director - Finance, Infrastructure & Improvement at a frequency jointly determined by the Service Director - Finance, Infrastructure & Improvement and Corporate Director - Children and Families.

Schools can choose their audit provider but they must be suitably qualified and carry out their work in compliance with the Public Sector Internal Audit Standards. Where schools choose not to engage the audit service offered by the LA they must inform the Service Director – Finance, Infrastructure & Improvement promptly of the audit provider engaged. The school must also supply a copy of the final report and the school's responses to recommendations made to the Service Director – Finance, Infrastructure & Improvement by the end of the financial year in which the audit is due.

In addition to the arrangements for monitoring systems of financial management and internal control the LA's Internal Audit Team shall have the authority to: -

- enter at all reasonable times into any school premises or land;
- access all relevant records, minutes, documents and correspondence of the school;
- require and receive such explanations as are considered necessary, in the opinion of the Service Director - Finance, Infrastructure & Improvement opinion, concerning any matter under examination;
- require any employee of the school to produce cash, stores, inventory or any other LA property under their control.

Schools may also be subject to audit by the LA's external auditors, as part of their overall audit of the LA, and are required to co-operate with them as necessary.

2.7 Separate external audits

The monitoring regime set out in section 2.6 above should be sufficient to provide assurance to a governing body on the adequacy of their financial controls. However, if it so wishes a governing body may spend funds from its budget share to obtain external audit certification of its accounts, in addition to any LA internal or external audit process.

2.8 Audit of voluntary and private funds

The School Fund and other private or voluntary funds should be operated in accordance with the procedures and guidance set out in handbook entitled "Managing School Funds" (produced by the Service Director - Finance, Infrastructure & Improvement) and with the requirements of the Charity Commission if the School Fund is a registered charity.

The standards of probity, accounting and financial management of the school fund should be the same as those applying to the main school finances as set out in this LA Scheme for Financing Schools.

The school fund should be audited each year and an audit certificate obtained from the auditor. The audit certificate should be presented to the Finance Committee and a record of receipt of the certificate should be included in the committee minutes. A copy of the certificate must be sent to the C&F Finance Team at County Hall.

Any irregularities should be reported promptly to the School Fund auditor and the C&F Finance Team.

2.9 Register of business interests

The governing body should establish a register that lists for each member of the governing body, the headteacher and any other staff who influence financial decisions:

- Any business interests that they or any member of their immediate family have;
- Details of any other educational establishments that they govern;
- Any relationships between school staff and members of the governing body.

The governing body should ensure that the register is kept up to date with notification of changes and through an annual review of entries. The register should be made available for inspection by governors, staff and parents, and the authority and should be published, for example, on a publicly accessible website.

More detailed notes of guidance on “Declaration of Interest/Register of Business Interests” are available from the Governor Services team.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the LA’s Financial Regulations in all purchasing, tendering and contracting matters. The sample Finance Policy for Schools has been written to ensure compliance with the LA’s Financial Regulations. The sample Finance Policy and Financial Regulations are available from the School Finance section of the School’s Portal.

All procurement must be performed in accordance with the all applicable laws, the rules set out here and any guidance provided by the Procurement Centre in consultation with Legal Services. The laws, rules and guidance are intended to ensure the following objectives are met:

1. **Probity and Openness:** Honesty, integrity and openness in all dealings (subject to reasonable requirements of confidentiality) and the avoidance of corruption;
2. **Best Value:** The optimum outcome for the LA and the residents of Nottinghamshire including the consideration of best value with regard to social, economic and environmental factors.
3. **Equal Treatment of Suppliers:** Fair and equitable treatment for all potential suppliers;
4. **Officer Protection:** Avoidance of situations which may lead to accusations of officer impropriety.

For any purchase, one person alone shall not perform all the following duties:

- a) ordering the supplies, goods and services,
- b) receiving or verifying the receipt of supplies, goods and services and
- c) certifying the corresponding invoices for payment.

The purchasing of works, goods or services can be entered into by the governing body of the school without the tendering methods or quotation procedures described below if the contract is placed with a department of the LA, including an NCC Corporate Procurement Unit, corporate contract or an NCC County Supplies direct supply contract.

When placing orders schools should assess in advance, where relevant, the health and safety competence of contractors, taking account of any guidance from the LA.

It should be noted that European Union law requires certain procedures to be followed, including advertisement in the Official Journal of the European Union (OJEU), where the value of contracts awarded by public bodies exceeds a specified threshold, which is £181,302 for services and supplies as at 1 January 2018 and £4,551,413 for works (N.B. The EU thresholds are published on the Cabinet Office website www.cabinetoffice.gov.uk). Where a governing body is considering entering into a contract that may exceed this level advice should be obtained from the Service Director – Customers, Governance and Employees (as Director of Legal Services) in order to ensure that the relevant European Directives are complied with.

The thresholds for obtaining quotations or tenders are different for building works (e.g. changes to buildings or playgrounds) and supplies and services (e.g. purchases of ICT or play equipment and engagement of consultants). The current thresholds for obtaining quotations and tenders are set out in the tables below:

Supplies and Services

Estimated Total Contract Value	Minimum Procurement Requirements	Advertising	Contract Signatory
Up to £5,000	Written quotations to be sought if deemed necessary by Governing Body		As per school finance policy
£5,001 to £10,000	Written quotations must be sought from more than one supplier		As per school finance policy
£10,000 to £25,000	Three written quotations must be sought	Source Notts	As per school finance policy
£25,001 to £50,000	Three tenders must be invited	Source Notts and Contract Finder	Contract must be signed by Head Teacher after receiving approval of Governing Body.
£50,000 to EU Threshold for Supplies and Services	Five tenders must be invited	Source Notts and Contract Finder	Contract must be signed by Head Teacher after receiving approval of Governing Body.
Above EU Threshold for Supplies and Services	EU procurement rules must be complied with	Source Notts and Contract Finder and OJEU	Contract must be signed by Head Teacher after receiving approval of Governing Body.

Works

Estimated Total Contract Value	Minimum Procurement Requirements	Advertising	Contract Signatory
Up to £10,000	Written quotations must be sought from more than one supplier		As per school finance policy
£10,001 to £25,000	Three written quotations must be sought	Source Notts	As per school finance policy
£25,001 to £250,000	Three tenders must be invited	Source Notts	Contract must be signed by Head Teacher after receiving approval of Governing Body.

£250,001 to EU Threshold for works	Five tenders must be invited	Source Notts and Contract Finder	Contract must be signed by Head Teacher after receiving approval of Governing Body.
Above EU Threshold for Supplies and Services	EU procurement rules must be complied with	Source Notts and Contract Finder and OJEU	Contract must be signed by Head Teacher after receiving approval of Governing Body.

Recommended tendering procedures are set out in Annex B. The Schools' Financial Regulations Waiver Request form is attached as Annex C.

Source Notts and Contracts Finder are advertising platforms for contracting opportunities. Source Notts is designed to ensure local suppliers have the opportunity to bid for business with public sector organisations in the East Midlands. Contracts Finder is a statutory requirement for all public sector organisations when letting contracts valued over £10,000. The web addresses for each of these platforms are:

<http://www.sourcenottinghamshire.co.uk/>
<https://www.gov.uk/contracts-finder>

Details of all quotations and tenders sought and received, including supplier details and pricing information, must be kept on file for review and audit purposes. Whenever possible and appropriate SME's and local suppliers should be encouraged to submit a quotation or tender.

The current thresholds are set out in the table above; however, valuation of contracts is not always straightforward. Advice and guidance should be sought from the Procurement Centre.

All orders and purchases with an estimated value of £25,000 or more shall be subject to a decision of the full governing body and recorded in the minutes of the meeting. For goods and services below £25,000 the governing body should specify a value above which all purchases shall be subject to approval by governors and formally recorded in the minutes.

The governing body shall be informed of all instances in which goods or services are purchased or disposed of which are not the most financially advantageous option available. This will be recorded in the minutes of the meeting.

Purchase orders shall be issued for all works, goods or services to be supplied to schools except for the supply of public utility services, for periodic payments such as rent or rates, and for petty cash purchases. Purchase orders, in a form approved by the Service Director - Finance, Infrastructure & Improvement, are to be signed by the headteacher or staff member authorised by the governing body.

Purchase orders must not be used by staff or others to obtain goods and services for their private use.

Supplies of goods and services should be checked to ensure that they are in accordance with the purchase order. Invoices should be approved for payment in accordance with your finance policy and procedure notes issued by C&F Finance.

2.11 Application of contracts to schools

Where the LA arranges contracts for the supply of goods or services individual schools have the right to opt out of these if they choose to do so and make their own arrangements instead. For example, where the LA appoints a preferred supplier, schools are not required to use this supplier and may choose a different supplier.

Governing bodies are empowered to enter into contracts under paragraph 3 of schedule 1 to the Education Act 2002. In the majority of cases they do so on behalf of the LA, where the LA is the maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body where there are statutory obligations to do so, such as employment contracts for foundation schools.

2.12 Central funds and earmarking

The LA may make sums available to schools from centrally held funds in the form of budget allocations that are additional to and separate from the school's budget share. Such allocations may include funding for: -

- special educational needs (SEN), e.g. family SEN funding or targeted support for schools in special measures.
- supply cover for trade union activity or public service.

The governing body is not empowered to expend such additional budget allocations on any item or purpose except those specified by the LA at the time of making the allocation. As such no part of any additional allocation may be vired into the school's general budget share, and the LA may require funds to be returned if they are not spent in-year for the purposes intended. Although there is no requirement to maintain separate accounts, a school should maintain accounting records of sufficient detail to demonstrate that additional budget allocations have been expended for the purpose intended.

Any additional allocations will be made to schools as budget allocations, and the school will need to ensure that funding has been expended on the purpose intended.

All central funds allocated to schools must be managed in accordance with the provisions of the Scheme.

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

2.13 Spending for the purposes of the school

The governing body may spend its budget share for the purposes of the school. This is subject to regulations made by the Secretary of State and the provisions of this scheme.

By virtue of section 50(3A), 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.

Schools are allowed to spend their budgets on pupils who are on the roll of other maintained schools or academies. However, they are not empowered to: -

- incur capital expenditure unless funded from within the budget share;
- enter into any leasing arrangements without obtaining advice and approval from the Service Director - Finance, Infrastructure & Improvement;

- enter into any agreement connected with buying and selling or granting of interests in land and buildings which are owned or controlled by the LA;
- make payments to or on behalf of governors except for those specified in section 11.3 below;
- make payments to or on behalf of staff other than as part of their agreed conditions of service within the contract of employment.

2.14 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on their school premises. This includes expenditure by the governing body of a voluntary aided school on work that is their responsibility under paragraph 3 of schedule 3 of the School Standards and Framework Act 1998.

Where buildings are owned by the LA, or the school has voluntary controlled status, then the governing body should seek the consent of the LA prior to undertaking any building work, but such consent can be withheld only on health and safety grounds.

If expected capital expenditure in any one year will exceed £25,000, the governing body shall notify the LA and take into account any advice from the Corporate Director - Children and Families as to the merits of the proposed expenditure.

Where building work is planned, schools should seek advice from the Place Department as regards the following: -

- Does the proposed building work require planning or building regulations permission?
- Is the proposed project large enough to require cover under the Construction, Design and Management Regulations 1994?
- How will the work affect the security arrangements and fire precautions of the school?

2.15 Notice of Concern

Nottinghamshire LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Service Director - Finance, Infrastructure & Improvement and the Corporate Director - Children and Families, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the LA or the school.

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

- a requirement that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- a requirement that an appropriately trained or 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. Examples of this include more regular provision of accounts or monitoring reports to the LA;
- requiring that regular financial monitoring meetings take place at the school and that these are attended by LA officers;

- requiring that a governing body use the LA's recommend financial system (SIMS FMS);
- requiring that a regular and adequate financial support visit package is purchased by the school through the LA's Services to Schools catalogue; and
- placing restrictions or limitations on the manner in which a school manages any extended school activity funded from within its delegated budget share e.g. requiring a school to submit income projections and/or financial monitoring reports on such activities.

Any notice will clearly state what these requirements are, 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.

The purpose of this provision is to enable the LA to set out formally any concerns it has regarding the financial management of a school it maintains and to require a governing body to comply with any requirements it deems necessary. The principal criterion for issuing a notice, and determining the requirements included within it, must be to safeguard the financial position of the LA or school.

This provision should 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 LA'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.

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

2.16 Schools Financial Value Standard (SFVS)

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

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

All maintained schools must submit the form to the LA by 31st March annually.

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 headteacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

Where a governor, Headteacher or any member of staff has any reason to suspect that there may be some financial irregularity, such suspicions must be reported to the Corporate Director - Children and Families without delay who will immediately inform the Service Director - Finance, Infrastructure & Improvement so that appropriate audit investigations are commenced. It shall be the responsibility of the Service Director - Finance, Infrastructure & Improvement to ensure a proper investigation of any irregularity or suspected irregularity is carried out.

3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

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

The budget share will be made available to the governing body at the intervals specified in section 3.2

3.2 Proportion of budget share payable at each instalment

Schools will receive their total budget share in instalments as set out in Annex D.

As school budget shares are net of value added tax (VAT), instalments will also be net of VAT. In order for schools to recover VAT incurred it will be necessary for them to submit monthly statements to Schools Finance, separately identifying the VAT element of both expenditure and income.

Schools participating in collaborative ventures where shared costs are met centrally should not gain a cashflow advantage from this. As such they will either agree to be recharged for their share of the relevant costs on a monthly basis or have their instalments top-sliced in recognition of these costs.

Where schools are billed for services from the LA through Biller Direct, payment should be made in accordance with Annex D. Where schools are billed for services from the LA through an alternative method, payment should be made within one month. C&F Finance may deduct charges from instalments where payment remains outstanding.

Instalments to schools may be withheld if complete financial records are not submitted to C&F Finance in accordance with the requirements of the Scheme.

3.3 Interest clawback

The instalments set out at section 3.2 above are designed, as far as possible, to neutralise cashflow losses to the LA, in particular by making payments to schools opting for their total budget close to the time when monthly salaries are due. As such interest charges will not be deducted from instalments.

3.4 Interest on late budget share payments

Interest will be added to late payments of budget share instalments, where such payment is the result of LA error. Interest will be paid at the Bank of England base rate.

3.5 Budget shares for closing schools

Budget shares of schools for which approval for discontinuation has been secured, may be made available until closure on a monthly basis net of estimated pay costs.

3.6 Bank and building society accounts

All maintained schools will operate a local bank account into which budget instalments (as defined at section 3.2 above) are paid, subject to the following constraints: -

- new bank account arrangements may be made only from the beginning of each financial year and require 4 months' notice to be given to the LA;
- the Corporate Director - Children and Families or Service Director - Finance, Infrastructure & Improvement may suspend a school's right to operate a local bank account where procedures required by the scheme, including the completion of regular reconciliations, have been substantially or persistently breached.

Interest on school bank accounts will be retained by the school. As funds remain official LA monies, interest will be received gross, i.e. without deduction of tax.

3.7 Restrictions on accounts

After the first year of operating a local bank account a school may choose to open a current and deposit account with any of the banks or building societies listed in Annex D. This approved list is consistent with the authority's Treasury Management policy.

A current and deposit account may be opened with any of the banks or building societies listed in Annex D. Other financial institutions may be used with the written approval of the Service Director - Finance, Infrastructure & Improvement. However, where such an account is subsequently closed any new account must be with a bank or building society on the approved list or be approved by the Service Director – Finance, Infrastructure & Improvement.

A school is required to complete a bank mandate form in respect of every bank account opened. These forms can be obtained from and should be returned to C&F Finance. They cover the following information:-

- name of the school;
- name of the bank where the account is held;
- address of the branch of the bank;
- name of the account;
- number of the account;
- bank sort code number;
- names of signatories to the account, the limits of their authority and specimen signatures.

All signatories to the account should be LA or school employees. Governors who are not members of staff must not be signatories to the account.

All bank accounts must have as their official title the name of the school and the letters "NCC" must appear in the title. No account may be opened or operated in the name of an individual. The bank or building society must acknowledge that the LA is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.

Schools must nominate one account into which advances will be made by the Service Director - Finance, Infrastructure & Improvement. In the event of a financial institution becoming insolvent, provided the governing body has acted in good faith, the LA will reimburse the school for any losses incurred.

3.8 Borrowing by schools

A governing body may only borrow money through the local authority loan scheme or the local authority energy financing scheme (LAEF). Section 4.10 below outlines these schemes.

Any other borrowing may only take place with the written permission of the Secretary of State.

Schools may not use interest bearing credit cards and overdrafts as these are regarded as borrowing. If a school requires the use of a purchase card for electronic purchases this should be a procurement card or a debit card. The LA recommends that schools use a procurement card rather than a debit card where this option is available. No interest charges should be incurred by the school, with balances cleared on a monthly basis.

3.9 Other provisions

Schools must manage their bank account in accordance with the specific regulations set out in Annex D.

4. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO THE BUDGET SHARE

4.1 Right to carry forward surplus balances

Schools will carry forward from one financial year to the next any shortfall in net expenditure relative to the school's budget share for the year plus / minus any balance brought forward from the previous year (i.e. an underspend).

The amount of any balance would be shown in the governor 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 the governor outturn statement.

4.2 Controls on surplus balances

Governing bodies shall consider annually, as part of the budget setting process, the level of surplus balances they intend to carry forward at the end of a financial year.

The LA shall calculate the surplus balance, if any, held by each school as at 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.

Where a school has an uncommitted surplus balance the LA may clawback the uncommitted balance to be redistributed as part of the Schools Budget of the LA.

Schools will be allowed to retain a committed surplus only where there are clear, documented plans for the intended use of the surplus that meet the permitted categories listed below.

Where a school is intending to carry forward a committed surplus the Governing Body will be required to report to the authority on the intended use of the committed surplus balances (as outlined below). This must be done no later than **31st May** each year in order to confirm that they have been assigned for a permitted, specific purpose. Returns must be submitted in the format prescribed by the authority. Documentary evidence will be required to support returns, including where appropriate, copies of governing body minutes showing the intention of the carry forward.

Schools may declare balances to be assigned for specific purposes only within the permitted categories outlined below. The authority may take such steps as appropriate to determine that such declarations are properly assigned.

Permitted Categories

- commitments, such as purchase orders, that have not yet been paid and which the school are expecting to pay;
- full or partial contributions towards a building project (including capital spending from budget shares as outlined in section 2.14);
- replacement of specific high cost items (e.g. furniture, equipment, fixtures & fittings);
- large planned maintenance works;
- maintenance of staffing levels in the short/medium term due to anticipated falling rolls;
- review of staffing structures;
- unspent balances relating to sports grant funding and pupil premium
- the repayment of any monies owed to the authority;
- funds deriving from sources other than the authority if paid into the budget share account of the school, and

- any other specific item proposed by a school and agreed in writing by the authority.

To count as properly assigned, amounts must not be retained beyond a period of three years without the written consent of the authority. In considering whether an amount is properly assigned, the authority will take into account whether the amount has previously been declared as assigned for another purpose. Where this is the case, the authority cannot use this as the sole reason for considering that any sum is not properly assigned.

4.3 Interest on surplus balances

Schools will retain any interest earned.

4.4 Obligation to carry forward deficit balances

It is the responsibility of the governing body to exercise budgetary control to ensure that the overall net expenditure of the school is not in excess of the budget share at any time without the prior approval of the Corporate Director - Children and Families (see section 4.9 below). The governing body will therefore arrange to receive regular reports on spending, including sums committed but not yet paid, against the approved budget.

Where a deficit budget (i.e. an overspend) does arise, this will be carried forward by deduction from the following year's budget share.

4.5 Planning for deficit balances

Schools should set budgets which are within the level of funds available to them; i.e. the school budget share, additional budget allocations, balances from the previous year and school income.

An unplanned overspend may occur for a variety of reasons, including variations in pupil numbers. This should normally be removed in the following year's budget plan unless a request for a licensed deficit is approved.

Schools may only plan for deficits in certain approved circumstances as set out in section 4.9 below.

Schools must submit a recovery plan to the LA if they have a deficit as at 31 March.

4.6 Charging of interest on deficit balances

Interest will not be charged on deficits licensed as part of the arrangements set out in section 4.9 below.

Where a school has a deficit in excess of £20,000 at the year end, and has not agreed a licensed deficit, the Service Director - Finance, Infrastructure & Improvement may charge half a year's interest on the total deficit at 1% above the Bank of England base rate.

4.7 Writing off deficits

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

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) reverts to the LA; it cannot be directly transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1) (a) of the Academies Act 2010.

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, the LA 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.

4.9 Licensed deficits

In exceptional circumstances approval may be sought from the Corporate Director - Children and Families for a licensed deficit in order to enable the budget to be brought into balance over a period of more than one year. Such deficit arrangements may be approved for the purposes of: -

- enabling a school to manage a significant fall in pupil numbers;
- enabling the school to spread the cost of major unforeseen expenditure.

The maximum length over which schools may repay a deficit should not exceed three years. For example, if a school were to end the 2019/20 financial year with a deficit, having held surplus balances in the preceding year, the deficit balance should be fully cleared by the end of the 2022/23 financial year.

In order for a licensed deficit to be agreed the following conditions must be met: -

- total licensed deficits for all schools at any time may not exceed 40% of the total balances of schools in surplus;
- the deficit will be a minimum of £5,000 for primary schools or £20,000 for secondary and special schools (below these amounts any deficit must be cleared by the end of the following financial year);
- a deficit should not exceed 10% of a school's budget share;
- the school must submit a plan which takes into account projected numbers on roll and demonstrates how the deficit will be cleared within the agreed timescale;
- the plan will be assessed for feasibility by officers of the Children and Families Department

Once a deficit is agreed the school will work with C&F Finance in order to monitor progress against the agreed plan on a termly basis. Deviations from the plan will be reported to the Corporate Director - Children and Families who will take whatever action considered necessary. Significant deviations may result in the school being required to submit a revised plan. Should a school fail to comply with a revised plan the Corporate Director - Children and Families may consider removing delegated powers from the school (see section 1.1).

4.10 Loan scheme

The LA will operate a school loan scheme and a local authority energy financing scheme. The details of both schemes are outlined in Annex E.

Loans will only be used to assist schools 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. 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. 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.

5 INCOME

5.1 Income from lettings

Subject to alternative provisions arising from any joint use or private finance initiatives (PFI) agreements, schools may retain income from lettings of premises. However, schools are required to have regard to directions issued by the LA as to the use of school premises.

Income from lettings should be paid into the school's delegated budget and should not be paid into voluntary or private funds held by the school.

Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings provided that there is no net cost to the budget share and 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.

The LA may retain income from easements and wayleaves or royalties relating to land owned by the LA. The LA will also retain income from the rental of caretakers' houses owned by the LA, the maintenance of which is paid for centrally.

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided from centrally retained funds. However, governing bodies are required to draw up their own policy on charges and remission arrangements for school activities. In doing so the governing body shall have due regard to advice from the LA including its policy statement on charging arrangements for school activities. This statement is set out in the document "Charging for School Activities: Guidelines for School Governing Bodies" issued to schools (<https://www.gov.uk/government/publications/charging-for-school-activities>).

A governing body may make no charge for any school activity unless it has drawn up a statement of its policy for charging. Such a statement must be in accordance with legislation in respect of charging for education.

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

Occasionally school staff may work with the LA to produce guidance documents or resources. The LA may retain any income earned from the sale of these. Where such income is shared it will accrue to the school and not an individual.

5.3 Income from fund raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds from the approved sales of assets, such proceeds being paid into the budget share, except where the asset was purchased with non-delegated funds, in which case the decision as to who shall retain the proceeds will be referred to the LA, or where the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

5.5 Administrative procedures for the collection of income

The Governing Body shall determine a charging policy for the supply of goods and services in accordance with guidelines prepared by the Corporate Director - Children and Families. Charges shall be subject to annual review by the Governing Body.

Wherever possible, income should be collected in advance to avoid the necessity of issuing sales invoices. Where income is due but not collected a sales invoice shall be prepared and submitted promptly on the provision of the goods or services.

All income shall be paid promptly and intact into the school's bank account and shall not be used to defray expenditure. All income should be banked prior to school closure periods exceeding 24 hours. Cash should be held securely until banked and should be acknowledged in writing when transferred from one person to another.

All income should be acknowledged by a receipt and promptly accounted for. Receipts shall be held securely to prevent misuse.

Income must not be used for the purpose of cashing personal cheques.

Cash & cheques should be paid into the bank by means of a bank paying-in book, separately identifying them. All cheques should be listed. Cashless systems may also be used to receive income into the account. Income shall be identified by means of the appropriate accountancy code.

No income shall be paid into petty cash.

5.6 Purposes for which income may be used

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

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General Provision

The budget share of a school may be charged by the LA without the consent of the governing body only in circumstances expressly permitted by the scheme. The LA will consult with schools as to the intention to so charge and notify schools when it has been done. Any documents/material necessary for the LA to consider its intention to charge will be provided by the school on request by the LA. There is a right of appeal to the Corporate Director - Children and Families. That appeal must be in writing and sent within 42 days of notification of the intention to charge the budget share, stating the full reasons why the school budget share should not be charged or not charged the amount, specifying the amount which in the schools opinion should be charged. The school is required to supply all relevant documentation in support. The appeal will be in writing only.

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

6.2 Charging of salaries at actual cost

Salaries of school based staff will be charged to school budget shares by the LA at actual cost.

6.3 Circumstances in which charges may be made

The LA may charge the budget share of a school without the consent of the governing body in the following instances: -

1. Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA);
2. Other expenditure incurred in relation to employment matters (e.g. to secure resignations) where the school had not followed LA advice;
3. Awards by courts and industrial tribunals against the LA and/or governing body which the LA is required to pay, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice. The decision to and extent of, any such deduction will be subject to section 11.4.
4. 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;
5. Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status.
6. 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;

7. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the LA;
8. Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school negligence;
9. Correction of LA errors in calculating and processing charges to a budget share; (e.g. pension deductions)
10. Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs;
11. Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA. (see section 11.4);
12. Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training not carried out;
13. Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
14. Cost of work done in respect of teacher pension remittance and records for schools using non-LA contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
15. Costs incurred by the LA 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 and/or specific funding for a pupil with High Needs.
16. Costs incurred by the LA due to submission by the school of incorrect data.
17. Recovery of amounts spent from specific grants on ineligible purposes.
18. Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
19. Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
20. Costs incurred in respect of providing an audit of the school's financial arrangements as a result of the failure of the school to make suitable arrangements within one year of being notified by the LA that an audit is due.

7. TAXATION

7.1 Value Added Tax

Schools are required to separately record in their local accounting system all VAT incurred on invoices and VAT received on income. Details of this must be included on the monthly return submitted to Schools Finance (see Annex D). The school will be reimbursed for VAT incurred, net of VAT collected on income, as part of the next available cash instalment.

7.2 Construction Industry Scheme (CIS)

Schools are required to comply with taxation requirements of the Construction Industry Scheme (CIS) and any guidance on this issued by the Service Director - Finance, Infrastructure & Improvement. Schools are responsible for their own administration of the scheme.

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. This provision will also encompass existing Premature Retirement Costs (PRCs) and redundancy payments. However, the LA may 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.

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

Any arrangement for a school to buy services or facilities from the LA is limited to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services.

However, schemes for contracts for supply of catering services may be limited to a maximum of 5 years, with a maximum agreement of 7 years if the contract is extended.

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

8.3 Packaging

As part of the annual Services to Schools packages offered to schools, the LA will provide services in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

8.4 Service Level Agreements

The details of services to be provided will be set out in the annual Services to Schools brochure which should be published by 31 January each year. Service Level Agreements must be in place by 31 March each year to be effective for the following financial year. Schools must be given at least a month to consider the terms of the agreements.

Any services or facilities that are provided under a service level agreement – whether free or on a buyback basis – starting on or after the inception of this scheme will be reviewed at least every three years if the agreement lasts longer than that.

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.

Centrally arranged premises and liability insurance are excluded from these requirements as to service supply, as the limitations envisaged may be impracticable 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' Pensions Regulations 1997, the following

conditions are imposed on the Authority and governing bodies of all maintained schools covered by this scheme in relation to their budget shares.

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

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

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

9. PRIVATE FINANCE INITIATIVE (PFI) / PUBLIC PRIVATE PARTNERSHIP (PPP)

As part of any PFI/PPP project agreed for a school the governing body will be required to agree to their ongoing contribution to the unitary charge being met from the school budget share for the duration of the contract. Governors will need to be closely involved in the development of the facility management package and the setting of performance standards. There will also be an ongoing monitoring role for the school and the LA to ensure that contract standards are being met.

More detailed provisions will be drawn up for specific PFI/PPP schemes as they are developed.

10. INSURANCE

10.1 Insurance Cover

The headteacher shall, in consultation with the Service Director - Finance, Infrastructure & Improvement, affect such insurances as are necessary to cover risks to which the school is exposed. Where such risks are placed with the LA then the Service Director - Finance, Infrastructure & Improvement shall negotiate and recover all claims. In circumstances where insurances are placed externally the headteacher shall make available such details and obtain such approvals as required by the Service Director - Finance, Infrastructure & Improvement. As part of this the LA may require the school to demonstrate that cover relevant to the LA's insurable interests is at least as good as the relevant minimum cover that would be arranged by the Service Director - Finance, Infrastructure & Improvement.

Where insurances are placed with the LA the headteacher shall promptly notify the Service Director - Finance, Infrastructure & Improvement of any new risks, additions and alterations affecting existing insurances and shall consult with the Service Director - Finance, Infrastructure & Improvement together with the Group Manager, Legal Services in respect of any terms of indemnity which the school may be required to give.

Where insurances are placed with the LA the headteacher shall immediately notify the Service Director - Finance, Infrastructure & Improvement in writing of any loss, liability or damage, or any event likely to result in a claim, and take such other action as may be necessary to satisfy any insurance policy conditions.

The governing body may exercise their discretion in effecting insurance cover for risks not otherwise covered by the LA's policies.

From 1 April 2020 schools may join the Secretary of State's risk protection arrangement (RPA). Schools may do this individually when any insurance contract of which they are part of expires.

All primary and/or secondary maintained schools may join the RPA collectively by agreeing de-delegation of funding annually through the Early Years and Schools Forum.

11. MISCELLANEOUS

11.1 Right of access to information

As well as the specific requirements referred to within this Scheme, the governing body of a school is required to supply all financial and other information which might reasonably be required to enable the LA to satisfy itself as to the school's management of its delegated budget share or the use made of any central expenditure by the LA on the school.

11.2 Liability of governors

Because the governing body is a corporate body and because of the terms of section 50 (7) of the School Standards and Framework Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of authority advice as to financial management.

11.3 Governors' allowances

Under schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's budget share. Governing bodies should have regard to advice from the LA on governors' expenses. Schools are barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed to schools under special measures.

11.4 Responsibility for Legal Costs/Advice and Associated Costs

11.4.1 Provision of General Legal Advice.

- a. The LA cannot and does not retain funds centrally for the provision of legal advice / representation that schools / governing bodies may require in the discharge of its functions.
- b. The LA has a Legal Section with whom schools / governing bodies may enter into a service level agreement for the provision of such legal advice. The terms and basis on which that advice is provided is contained within the terms of the service level agreement.
- c. The LA may offer a number of other service level agreements which may contain terms indemnifying a school / governing body against the costs of legal advice in some instances. Schools / governing bodies are to consult the terms of any such agreement to ascertain the extent of any indemnity that may be provided.
- d. Where the LA is instructed by a school / governing body and a matter of conflict arises, the school / governing body will be advised accordingly. Attempts will be made to see whether it is possible for legal advice to be provided by the LA. If not the school / governing body will be advised accordingly and an alternative list of legal advisers provided. Any costs arising from the provision of legal advice from an alternative provider are to be met by the school.
- e. Governing Bodies are entirely free to engage their own separate legal representation independent of the LA but should it do so, the cost of obtaining such advice is to be met by the school / governing body in its entirety.

11.4.2 Charging Budget Share

- a. Where expenditure has been incurred by the LA as a consequence of section 6.3.3, 6.3.11, and no indemnity has been provided by the LA, the LA will notify the school / governing body of the fact that it intends to charge the School Budget Share in accordance with section 6. In reaching their decision, it is not possible to set out an exhaustive list of the types of matters that will be taken into account in reaching a decision, however, the following is an illustrative guide as to the types of criteria which may be considered in deciding whether a deduction should be made and the amount.
- The degree to which advice was taken from the LA or 3rd party
 - The nature of advice provided
 - Accuracy of advice provided
 - Whether any advice was followed
 - The time at which advice was obtained i.e. was advice obtained before decisions were made or behaviour complained of or only after
 - Whether any court / tribunal has made a determination of fact
 - The degree to which a court / tribunal has found the actions / inactions of a school / governing body to be culpable, unfair or unlawful

11.5 Health and safety

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

11.6 Right of attendance for Service Director – Finance, Infrastructure & Improvement.

Governing bodies are required to permit the Service Director - Finance, Infrastructure & Improvement of the LA, or any officer of the LA nominated by the Service Director - Finance, Infrastructure & Improvement, to attend meetings of the governing body at which agenda items are relevant to the exercise of his / her responsibilities. The LA should give prior notice of such attendance unless it is impracticable to do so.

11.7 Special Educational Needs (SEN)

Governing bodies are required to have due regard to the LA's policy statement on SEN ("Inclusion Plus") and other supplementary guidance issued by the LA. Schools should ensure that SEN resources delegated by the LA are utilised to make appropriate provision for children with special educational needs.

Although this is anyway a statutory requirement, the existence of such a scheme provision would make it possible to suspend delegation where a situation is serious enough to warrant it (this would not normally relate to an individual pupil).

11.8 Interest on late payments

The Late Payment of Commercial Debts (Interest) Act came into force on 1 November 1998. The legislation applies to all invoices issued by small businesses on or after 1 November 1998, in respect of orders placed on or after that date. Any interest will fall as a charge to individual schools' budgets (see section 2.1.3 Payment of Bills)

11.9 Whistleblowing

Schools are required to adopt the 'Whistleblowing Policy (confidential reporting)' that has been published by the LA separate to the Scheme. All school staff and governors should be made aware of this policy.

11.10 Child Protection

Governing bodies are expected to address national guidelines e.g. Working Together to Safeguard Children and the requirements of the Nottinghamshire Area Child Protection procedures. Schools should ensure that the designated teacher for child protection receives training for the role and responsibilities they carry out. Appropriate teacher(s) should be available to attend child protection case conferences and core group meetings.

11.11 Redundancy/Early Retirement Costs

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

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

The categories of work which a governing body must expect to finance from their budget share are set out in section 3 of the "Property Management Handbook" which was distributed to schools by the LA's Resources Department. This consists of two documents, as follows: -

- The division of responsibility for buildings and grounds maintenance at community, voluntary controlled and foundation schools (green pages);
- The division of responsibility for buildings and grounds maintenance at voluntary aided schools (blue pages).

The LA is required to delegate all funding for repairs and maintenance and may only retain capital expenditure. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the LA for financial accounting purposes in line with the CIPFA Code of Practice on Local Authority Accounting. As part of this the LA uses a *deminimis* limit of £10,000 for defining capital (i.e. any expenditure below this amount is treated as revenue).

Voluntary aided governors continue to be eligible for grant from the DfE in respect of their statutory responsibilities.

13. COMMUNITY FACILITIES

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

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

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

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

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

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

13.1 Consultation with the LA:financial aspects

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

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

13.2 Funding Agreements:LA powers

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party that will either be supplying funding, or supplying funding and taking part in the provision.

If an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the Corporate Director - Children and Families, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority then this may constitute grounds for suspension of the right to a delegated budget.

13.3 Other prohibitions, restrictions and limitations

The Corporate Director - Children and Families may require that a governing body shall make arrangements to protect the financial interests of the LA by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question.

13.4 Supply of financial information

Schools which exercise the community facilities power should provide the LA every six months with a summary statement, in a form determined by the LA, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

If the LA believes there to be a cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, then the school may be required to submit financial statements every three months and may 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.

Schedule 15 of the School Standards and Framework Act 1998 provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.5 Audit

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

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

13.6 Treatment of income and surpluses

Schools can retain all net income derived from community facilities except where otherwise agreed with a funding provider.

The school may carry forward such retained net income from one financial year to the next as a separate community facilities surplus or, subject to the agreement of the LA at the end of each financial year, transfer all or part of it to the budget share balance.

In the event of a school ceasing to be maintained by the LA, then any accumulated retained income obtained from exercise of the community facilities power reverts to the LA unless otherwise agreed with a funding provider.

13.7 Health and safety

Schools should ensure that there is due regard to duties placed on the LA in relation to health and safety and ensure they are incorporated within the use of the community facilities power.

The governing body is responsible for the costs of Disclosure and barring clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

13.8 Insurance

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school should seek advice from the LA before finalising any insurance arrangement for community facilities.

The LA may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs should not be charged to the school's budget share.

13.9 Taxation

The school should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with community facilities; including the use of the LA VAT reclaim facility.

If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate bank 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 HMRC rules.

Schools should follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.10 Banking

Schools should maintain separate bank accounts for the budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds.

Schools should refer to Section 3.6 of the Scheme with reference to the operation and use of banking arrangements. Schools should refer to Section 3.8 of the Scheme with reference to borrowing by schools.

Schools must not borrow money without the written consent of the Secretary of State (see section 3.8), this does not extend to monies lent to schools by the LA.

RETENTION OF FINANCIAL RECORDS

Schools are required to keep all invoices for the current financial year plus the six previous financial years in order to provide security against potential claims under the Late Payment of Commercial Debts Act 1998 and also satisfy the requirements of HMRC.

The following list of financial based records has been prepared with a code showing against each item specifying the minimum record that the records should be retained.

In general, all other finance related records should be retained for the current plus two previous financial years, after which time the headteacher may authorise disposal by a method that recognises the confidential nature of the records. The main exceptions to this are as follows:-

The codes are as follows:-

- +3 Current plus three previous financial years (1 April to 31 March).
- +6 Current plus six previous financial years.
- X Indefinite

a)	<u>Purchases</u>	
	Purchase Invoices	+6
	Purchase Orders	+3
	Copy payment schedules	+3
b)	<u>Banking Records</u>	
	Bank Statements	+6
	Building Society Pass Books	+6
	Bank Paying in Books	+3
	Cheque book counterfoils	+3
	Petty cash payments/receipts	+3
c)	<u>Income</u>	
	Meal registers/collection records	+3
	Cash Received Book*	+6
	Till Rolls	+3
	NCC receipt books	+6
	Sales Invoices	+6
	Credit Notes	+6
	Lettings records	+3

* including supporting documents such as badge, book and bag sales sheets.

d)	<u>School Funds</u>	
	Cash book	+6
	Income records (collection sheets Etc.)	+6
	Cheque book	+3
	Paying in book	+3
	Invoices	+6
	Bank statements / pass books	+6
f)	<u>Inventory Records</u>	
	Inventory records (after sale/disposal of items)	+6

TENDERING PROCEDURES**1. Introduction**

- 1.1. Tendering is a formal procedure whereby potential suppliers are invited to submit sealed bids that are then evaluated against criteria specified by the school. At least three tenders should be invited where the estimated cost is expected to be £25,000 or more, and five tenders should be invited where expected costs are above the higher thresholds for works or goods and services. Schools may also choose to tender where the estimated cost is below £25,000 according to whatever policy is agreed by the governing body. It should be made clear in the tendering documentation that the school is not bound to accept the lowest or any tender.
- 1.2. Contracts should be advertised on Source Notts, or Source Notts AND Contracts Finder based on the requirements set out in Section 2.10. The full tender documentation (the invitation to tender) may be sent to potential suppliers responding to the initial advert.
- 1.3. An invitation to tender should detail the required specification and set out instructions to tenderers, including the information required from them. It should also specify that tenders should be submitted in sealed envelopes bearing the word "Tender" followed by the subject to which the tender relates. The envelope should contain no mark that identifies the tenderer.
- 1.4. A date should be set by which tenders are to be received in the school.
- 1.5. To avoid misunderstanding, requirements should be precisely described so that all bids are based on exactly the same specification and can be easily compared.

2. Tender Opening

- 2.1. On receipt in the school, the date and time received should be written on the envelope and the sealed envelopes should be held securely until the specified opening date and time. Faxed tenders are not acceptable as the identity of the sender is revealed.
- 2.2. The sealed envelopes should be opened promptly after the date specified for their return in the presence of at least two school employees, one of whom should normally be the headteacher. In the case of higher value tenders, members of the governing body may also wish to be present.
- 2.3. Details of tenders should be maintained in a register to record:-
 - date and time of opening;
 - names and signatures of those present;
 - value of each tender and the name of the tenderer;
 - details of suppliers who declined or failed to submit a tender;
 - any omissions in the submission, for example documents or missing details, etc.
- 2.4. Any items or prices left blank by the tenderer should be crossed through to prevent the possibility of later insertions.
- 2.5. The initials of the persons present at the tender opening should be marked on the form of tender and against the total price. If there is no identifiable total, each page

containing prices should be initialled to prevent pages being added or amended at a later date.

- 2.6. Bids should not be revealed to other tenderers as this could influence future bids.

3. Acceptance of Tenders

- 3.1. Tenders should be evaluated against the set criteria.
- 3.2. The evaluation procedure should involve at least two school employees, neither of whom should have a business or personal interest in the tender which might impact on their objectivity and impartiality. Positive confirmation should be obtained from each of those involved that they have no such interest in the awarding of the contract.
- 3.3. Where the contract involves complex technical or specialist matters, for example in the case of major building or refurbishment projects, suitable professional advice should be obtained.
- 3.4. Gifts or other gratuities from potential suppliers should not be accepted as it could compromise, or be seen as compromising, the impartiality of those involved.
- 3.5. The evaluation procedure should be fully documented and the documents retained. The approval of the governing body should be obtained and minuted.

4. Notification to Tenderers

- 4.1. All tenderers should be notified of the outcome of their bid as soon as practically possible following evaluation of the submissions.

5. Further Advice

- 5.1. Detailed tender procedures are also included in section 8 of the NCC Financial Regulations.
- 5.2. Further advice and support on tendering procedures may be obtained from Corporate Procurement, corporate.procurement@nottscc.gov.uk.

REQUEST TO WAIVE THE NEED TO OBTAIN TENDERS

(as set out in Section 2.10 of the LA Scheme for Financing Schools)

- Section 2.10 of the Nottinghamshire LA Scheme for Financing Schools sets out the requirements for obtaining quotations or tenders. If it is not practical to follow these requirements for purchases **below £25,000**, this must be reported to the governing body and recorded in the minutes of the meeting.
- If the requirement to obtain tenders cannot be followed for purchases of **£25,000 or more**, other arrangements can be made provided prior written approval is obtained from Service Director - Finance, Infrastructure & Improvement and the Group Manager, Legal Services. The form below should be completed with as much information as possible in order for a decision to be properly reached as to whether or not to grant such a request.
- The completed form should be returned to Corporate Procurement (corporate.procurement@nottscc.gov.uk), who will process the application on behalf of the Service Director - Finance, Infrastructure & Improvement, and consult with Legal Services. A waiver will be authorised only if both Corporate Procurement and Legal Services approve the application. Formal notification of the decision will be provided to the school.
- A copy of the request form and formal approval must be kept by the school on the relevant project file
- Corporate Procurement will retain a copy of the form for monitoring purposes.



Guidance Notes

- The following form **must** be completed whenever a request is made to seek an exemption from compliance with the County Council's Financial Regulations 2016 under para 1.7, or 8.1 'Allowed Exceptions a, b or c' <http://home.nottscc.gov.uk/media/119266/2016-fin-regs-8v2.pdf>
- Before seeking a waiver from the requirements to obtain tenders and quotations, for procurements the Procurement Centre should be consulted.

Instructions on Completing the Form

- The officer requesting the waiver should complete the attached form with all relevant information in order for a decision to be properly reached.
- The form **must** be signed by the originator and the appropriate Group Manager (or above) before forwarding to the Group Manager Procurement.
- The Procurement Centre will record the waiver for reporting and monitoring purposes. An annual report on all waivers is taken to the Governance and Ethics Committee
- The Group Manager Procurement and the Section 151 Officer will consider the request and, where justified, will authorise it.
- Notification of rejection/Approval of any request will be sent to the waiver originator via the Group Manager, Procurement.
- A copy of the completed and authorised form/s must be kept by the originator on the relevant project file.
- Retrospective Waiver Requests will be rejected without further consideration.
- Waivers that exceed the EU Procurement Threshold will be rejected without further consideration

Further advice on requesting waivers to Financial Regulations can be obtained from:
Kaj Ghattaora, Group Manager, Procurement - extension 73267

Financial Regulations Waiver <u>Request for an exemption from complying with Financial Regulations</u>

Section 1: Request Originator

Name:	
Signature:	
Department:	
Date:	

Section 2: Exception Type

Please enter 'X' against whichever box applies and provide relevant supporting information under Section 5	
Exemptions; Please select the relevant exemption being relied on in this request	
Overview 1.7: The Section 151 Officer, after consulting with the Group Manager for Legal Services where appropriate, may vary, waive or suspend any financial regulation.	
Allowed Exception a: The works to be executed or the goods or materials to be supplied consist of repairs to, or parts for, existing proprietary machinery, where such repairs or parts are specific to that machinery or upgrades to existing software packages.	
Allowed Exceptions b: Works, supplies or services are urgently needed for the immediate protection of life or property, or to maintain the immediate functioning of a public service for which the Council is responsible. In such cases the contract must only last as long as is reasonably necessary to deal with the specific emergency.	
Allowed Exception c: The Corporate Director, in consultation with the Group Manager for Procurement, decides that special circumstances make it appropriate and beneficial to negotiate with a single firm or that a single tender be invited and that best value for the Council can be achieved by not tendering.	

Section 3: Subject

Description of Goods, Works or Services: (please provide a full description including any written proposals that have been received)	
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Section 4: Data Protection

Do the Goods, Works or Services involve processing of personal data on behalf of the Council (i.e. processing is anything that may be done with personal data – service user, employee data etc)	Yes <input type="checkbox"/> No
--	------------------------------------

	<input type="checkbox"/>
IF YES, have you liaised with the Information Governance Team or submitted a Summary Data Protection Impact Assessment (DPIA) for the provision of these, Goods, Works, Services or does a DPIA already exist (e.g. if this is re-commissioning of an existing service)?	Yes <input type="checkbox"/>
	No <input type="checkbox"/>
IF YES please provide details	
If NO, please seek the advice of the Information Governance Team by calling 0115 8043800 or emailing data.protection@nottscc.gov.uk	

Section 5: Proposed Provider & Contract Details

Proposed Provider:	
Contract Value:	
Proposed Contract Start Date:	
Proposed Contract End Date / Duration:	

How or why has the proposed provider been selected?

How does this proposal demonstrate Best Value?

Do you have sufficient funds to cover this expenditure?

Section 6: Background & Justification

Provide an overview and explain why an exemption request is necessary?

State when the need for this requirement arose?

Explain why it is not appropriate to seek alternative quotes/tenders?

What other options have been explored?

What would the impact be if this request wasn't approved?

Section 7: Forward Planning

Will there be an ongoing requirement beyond the expiry date of this request, if it is approved?

Section 8: Group Manager Agreement

Group Manager (or above):	
Name:	
Signature:	
Date:	

Section 9: Procurement Comments	
Group Manager, Procurement	
Name:	
Signature:	
Date:	
Comments:	
Recommendation:	

Section 10: Section 151 Officer & Approval / Rejection

Section 151 Officer	
Name:	
Signature:	
Reasons for decision:	
Subject to the following conditions.	
Date:	

LOCAL BANK ACCOUNT SCHEME REGULATIONS

CONTENTS

1. FINANCIAL REGULATIONS

- 1.1 Introduction
- 1.2 Opening a local bank account
- 1.3 Authorised signatories
- 1.4 Scope for expenditure and income from school bank accounts
- 1.5 Accounting and reporting requirements

2. ADMINISTRATION OF LOCAL BANK ACCOUNTS

- 2.1 Instalments of total budget share
- 2.2 Timing and method of payment of advances to schools

3. GUIDANCE ON SCHOOLS USE OF DEBIT / PURCHASE CARDS

- 3.1 Introduction
- 3.2 Appraisal, approval and application stages
- 3.3 Card management
- 3.4 Ordering and use
- 3.5 Payment

4. BACS

5. BILLER DIRECT CHARGES

- 5.1 Payment options for biller direct charges
- 5.2 Protocol for disputed biller direct charges

Appendix 1: Approved Banks and Building Societies

Appendix 2: Construction Industry Scheme Guidance Notes

Appendix 3: Request for Cashflow Advance

FINANCIAL REGULATIONS

1.1 Introduction

- 1.1.1 This is an annex to the Nottinghamshire Scheme for Financing Schools.
- 1.1.2 This document is to be followed by schools opening a local bank account and in the subsequent operation of the account. The Service Director - Finance, Infrastructure & Improvement has specific legal responsibilities to ensure that sound financial arrangements are operating throughout all spheres of LA activity. The arrangements for school bank accounts need to satisfy these requirements.

1.2 Opening a local bank account

- 1.2.1 Any new school joining the bank account scheme will be required to open an account with Barclays Bank through their pooled account facility as part of the Nottinghamshire County Council (NCC) bank account. This account must be used for the first year of operation as a local bank account school.
- 1.2.2 To open the account, schools are required to complete the Barclays Bank Imprest Account Forms. These can be obtained from C&F Finance. The completed forms should be sent to C&F Finance by **30th November** (before the start of the new financial year) who will obtain authorisation on behalf of NCC and forward onto Barclays Bank to open the account.
- 1.2.3 Schools may only change their bank account at the beginning of the financial year. Any school intending to change bank accounts must notify C&F Finance of their intention by **30th November** (before the start of the new financial year).
- 1.2.4 Any school wishing to change their bank account must ensure that they comply with the LA Scheme section 3.7 – Restrictions on accounts. A list of approved banks and building societies is attached as Appendix 1.
- 1.2.5 Investments of a speculative nature may not be entered into.

1.3 Authorised signatories

- 1.3.1 Two signatories are required on all cheques, these must be school employees. The value to which each signatory shall be authorised to sign should be appropriate to their position. The Headteacher should arrange for limits of authority to be established and recorded.
- 1.3.2 Wherever possible, signatories to cheques should not also be involved in the processes of ordering or receiving goods and services, or in certifying invoices for payments.
- 1.3.3 All cheques over £5,000 in value require the personal signature of the Headteacher or their nominated delegate.
- 1.3.4 Under no circumstances should blank cheques be signed by any of the approved signatories.
- 1.3.5 Any change in the signatories on the bank account should be notified to C&F Finance by completing a Barclays Bank Imprest Account form, available from C&F Finance. A copy of the form should be retained at the school for audit purposes.

- 1.3.6 Schools that operate a Barclays Bank 'pooled' account that require a change to authorised signatories should also complete a Barclays Bank Imprest Account form, available from C&F Finance. This form must be returned to C&F Finance to forward on to Barclays Bank.

1.4 Scope for expenditure and income from school bank accounts

- 1.4.1 No account shall be allowed to become overdrawn. Where a school has a bank account as part of the 'pooled' bank account scheme and this becomes overdrawn, an interest charge will be made against the overdrawn balance.
- 1.4.2 Schools should make arrangements to order their own cheques from their bank. All cheques must be crossed and printed "account payee only". Stocks of unused cheques should be adequately secured at all times. Cancelled cheques should be clearly marked as such and retained on file.
- 1.4.3 Adequate invoices/vouchers clearly detailing the nature of expenditure must support all payments from the account. These should be kept in accordance with Annex A – Retention of Financial Records of the Scheme for Financing Schools.
- 1.4.4 Payments from petty cash should be limited to minor items of expenditure only, which shall be supported by receipted invoices or vouchers identifying VAT, which shall be separately accounted for. No income shall be paid into petty cash. The value of cash in hand should be independently confirmed on a regular basis, not less frequently than monthly, and included in the bank reconciliation.
- 1.4.5 Direct Debit facilities may be used for the payment of utility bills and other appropriate goods and services. It is the responsibility of the Headteacher to ensure that the bank account does not go overdrawn as a result of Direct Debit payments. All Direct Debit facilities should be kept under regular review, and the school should maintain a list of all Direct Debits set up on the bank account. Care should be taken to ensure that all payments made by direct debit are promptly recorded in the school's accounts.
- 1.4.6 Standing orders may not be entered into at all.
- 1.4.7 All cash income shall be paid into the account promptly and in full. There must be no payment of expenditure out of cash income received. All payments into the bank account should be by paying-in book and not separate slips. They should contain details of the drawers of all cheques paid in.
- 1.4.8 Schools can make payments and receive income by BACS (Bankers Automated Clearing System). Section 4 of this annex gives the requirements schools must meet when making payments by BACS.

1.5 Accounting and reporting requirements

- 1.5.1 All financial transactions should be entered into the school's local accounting system promptly and accurately and, in the case of expenditure, before the production of cheques.
- 1.5.2 The school's accounts form part of the overall LA accounts and the Service Director - Finance, Infrastructure & Improvement is obliged to maintain these in a prescribed form. All income and expenditure should be recorded against an appropriate account code from the approved structure.

- 1.5.3 Monthly returns, in an approved form from the school's local accounting system should be submitted promptly to C&F Finance detailing the nature of all expenditure incurred and income received, separately identifying VAT. These should be returned to C&F Finance by the 8th of the month following the period end date e.g. April return by 8th May. The only exception to this is the final March report which must be submitted by the deadline stated in the Final Accounts pack.
- 1.5.4 Regular reconciliation of accounts / cash in hand with the supporting records must be carried out not less frequently than monthly. Responsibility for regular reconciliations must be clearly defined. All reconciliations should be fully documented and the records retained and made available for inspection whenever required by the Service Director - Finance, Infrastructure & Improvement.
- 1.5.5 A completed Reconciliation of Cumulative Balances (REC1) form must be submitted to C&F Finance on a monthly basis. The REC1 form is in two parts:-
- The balance on the bank statement is reconciled with the school accounts as shown on the school's local accounting system;
 - The school accounts are reconciled with the LA's recorded balance.
 - REC1 forms should be submitted to C&F Finance by the 10th of the month e.g. April return by 10th May. The only exception to this is the final March report which must be submitted by the deadline stated in the Final Accounts pack.
- 1.5.6 Schools are responsible for agreeing the year end Consistent Financial Reporting / Governors' statement to their local accounts on the their local accounting system by the end of May each year.
- 1.5.7 Schools are required to comply with the regulations of the Inland Revenue Construction Industry Scheme (CIS) and must sign a declaration to this effect when joining the local bank account scheme.
- 1.5.8 Schools must arrange to receive bank statements on at least a monthly basis. It is recommended that schools receive bank statements electronically to facilitate the early completion of REC1s.
- 1.5.9 Copies of bank statements and unreconciled listings from the local financial system as at 30th June, 30th September, 31st December and 31st March must be sent to C&F Finance.

2 ADMINISTRATION OF LOCAL BANK ACCOUNTS

2.1 Instalments of total budget share

- 2.1.1 Schools will receive instalments of their total budget share and are responsible for all payments from their budget share, the collection of income and entering all financial transactions into their local accounting system, including appropriate accounting for VAT and taxation.
- 2.1.2 Charges for NCC Services for Schools will be via the Biller Direct system.
- 2.1.3 The balance of the budget share will be distributed on the following basis:-
- 4% on 1 April (or the next banking day after the 1st April if this falls on a weekend or bank holiday);

- 8% each month on a date 3 working days prior to that of the LA's monthly payroll for schools, to those schools paying emoluments from local bank accounts; or 8% each month net of payroll costs during the week that payroll costs are posted into the accounts, to those schools having their payroll administered by the Service Director - Finance, Infrastructure & Improvement.

2.1.4 Additional budget allocations will be distributed as one-off payments or in line with standard instalments depending on the nature of the allocation.

2.1.5 Top up payments for pupils with high level needs will be made on a monthly basis unless alternative arrangements have been agreed with the provider.

2.2 Timing and method of payment of advances to schools

2.2.1 A timetable of scheduled tranche payments will be produced for each financial year to notify schools of the dates payments will be made into their nominated bank account by BACS payment.

2.2.2 Where a school has a licensed deficit, to ensure that the school is not disadvantaged in terms of cashflow, the amount of the deficit agreed with Schools Finance, will be advanced to the school during the course of the financial year in line with scheduled tranche payments i.e. 4% on 1st April (or the next banking day after the 1st April if this falls on a weekend or bank holiday) and 8% mid-month thereafter.

2.2.3 Where a school has been advanced cashflow for a licensed deficit they will be required to pay the total amount advanced back in the following financial year in line with the scheduled tranche payments.

2.2.4 If a school requests additional cashflow that is either not in line with the scheduled tranche payments or in excess of the agreed deficit then they will be required to submit a 'Request for Cashflow Advance' (Appendix 3) to C&F Finance.

3 GUIDANCE ON SCHOOLS USE OF DEBIT / PURCHASE CARDS

3.1 Introduction

3.1.1 Schools are encouraged to set up purchase card facilities with their nominated bank as these cards can be a useful means of facilitating electronic purchases, provided that these meet the requirements outlined below. The purpose of this facility would be to provide an additional means of purchasing curriculum-related goods or services through the School Budget Share.

3.1.2 Schools are reminded that under section 3.8 of the Nottinghamshire LA Scheme for Financing Schools they are not permitted to use a credit card as this is a form of borrowing.

3.1.3 Where schools are operating the "Barclays Bank pooled bank account scheme" they will be offered a Government Procurement Card facility as part of this. Other schools should appraise any purchase / debit card arrangements offered by their bank and satisfy themselves that they provide value for money and meet the requirements outlined below.

3.1.4 The purchase or debit cards should be issued to officers responsible for making purchases where other forms of purchase, e.g. cheque or cash may not be appropriate.

This could include purchasing from suppliers who will not accept a cheque drawn on the school's bank account or ordering goods over the internet.

- 3.1.5 Under no circumstances should retail store or other such cards be used.

3.2 Appraisal, approval and application stages

3.2.1 The Governing Body should appraise the benefits of card arrangements, having considered the potential risks when compared to the existing purchase order system and the required controls over the use of such cards.

3.2.2 Charges for the use of cards should be taken into account bearing in mind the proposed frequency and value of usage. The Barclays Bank Government Procurement Card is offered with no annual fee, although each card accrues a charge debited directly against the school bank account.

3.2.3 Following approval, the Governing Body should also designate the authorised users and their financial limits of delegated authority for inclusion in the school's Finance Policy. These financial limits should include transaction and monthly spend restrictions.

3.2.4 The school should complete the bank procurement / debit card application form signed by the authorised school representatives and users. A copy of the completed application form, together with a copy of the Governing Body minutes approving the use, should be forwarded to C&F Finance.

3.3 Card management

3.3.1 An independent person who is not a card signatory should be responsible for monitoring the use of the card, including the issue and control of the cards. This person will be designated as the card manager and this should be recorded in the school's Finance Policy.

3.3.2 The cardholder(s) should be issued with notes of guidance which include the individual's financial limit of delegated authority for the use of the particular card and sign to acknowledge receipt of the card and accompanying notes of guidance and acceptance of the conditions of use. After this, the card should be signed by the cardholder. The bank will issue Personal Identification Numbers (PINs) to cardholders.

3.3.3 Each card should be held securely when not in use; either by the cardholder personally or within the school, ideally in a safe or other secure location where there is limited access.

3.3.4 If a card is misused, the card should be immediately withdrawn from the card holder and the headteacher informed for appropriate action to be taken in accordance with the LA Scheme.

3.3.5 If a card is lost, the loss should be immediately reported by the cardholder to the bank and to the card manager. A replacement card could be requested if appropriate.

3.3.6 If a cardholder leaves the school or no longer requires use of the card, the card should be handed in to the card manager, who should destroy the card in accordance with accepted procedures and the bank notified.

3.3.7 Cards should not normally be used for the withdrawal of cash from ATM machines or from any cash-back facilities offered. However, in exceptional or emergency circumstances, cash may be withdrawn with the prior approval of the Headteacher, in which case a receipt should be obtained for reconciliation with the bank or credit card statement.

3.4 Ordering and use

3.4.1 There is a responsibility on officers to obtain value for money and, in accordance with the LA Scheme, alternative quotations or tenders should be sought where appropriate. In particular officers should check whether there are central LA contracts in place (e.g. via County Supplies) where an advantageous price/quality of goods/services should be available, without having to obtain quotations. Consideration should be given to extra costs such as postage, packing and delivery before committing to the order.

3.4.2 The cards should not be used until confirmation has been made with an appropriate person that there is budget available under the budget heading to cover the cost of the proposed purchase.

3.4.3 In accordance with the specific regulations for schools, no account shall be allowed to become overdrawn; consequently confirmation should be made that there are sufficient balances in the bank account prior to the use of cards.

3.4.4 When ordering goods or services, notably via the internet, the implications of having to pay in advance should be taken the account as there is a risk of non-delivery of goods or provision of services. In addition for internet-based purchases, card details should not be submitted unless the user is accessing a secure website, denoted by the address line starting with: **https//**.

3.4.5 When considering the purchase of goods from overseas, notably via the Internet, other costs such as import duty or VAT on delivery should be taken into account as the tax position may be different. In addition, the legal position regarding non-delivery of goods and recovery of payment may be more difficult than from a UK-based trader.

3.4.6 The cards must not be used for personal purchases.

3.4.7 Cardholders should maintain a record of expenditure incurred, including orders placed at point of sale, by telephone or use of the Internet, together with supporting receipts or vouchers. Where VAT is incurred, a valid VAT receipt should be obtained to ensure that this may be reclaimed.

3.4.8 Completed expenditure records and supporting receipts and vouchers should be submitted to the card manager for the purpose of checking payments made.

3.5 Payment

3.5.1 The mode of payment is determined by whether a debit or purchase card facility is used. Debit card payments are debited directly from the school bank account, transactions appearing on the bank statement. Purchase card balances on the monthly statement should be cleared in full, either by cheque or an approved direct debit facility by the due date.

3.5.2 Debit card payments on bank statements, or entries on purchase card statements, should be checked by the independent card manager wherever possible against

supporting records and receipts on a monthly basis, and any unsupported transactions followed up with the card-holder promptly.

- 3.5.3 Any payments appearing on the bank statement or purchase card statement identified as not incurred by the cardholder should be reported as soon as possible to the bank and/or credit card company.
- 3.5.4 Upon payment, the net expenditure and VAT should be allocated to the appropriate account codes in the local accounting system, for reconciliation purposes and budgetary control.

4 BACS PAYMENTS

- 4.1.1 Schools are permitted to use BACS when making payments to suppliers. The use of BACS must be approved by governors and recorded in the minutes of the relevant meeting.
- 4.1.2 The limits of delegated authority for authorising BACS payments should be the same as for signing cheques.
- 4.1.3 Payments by BACS are subject to similar requirements as payments by cheque. All payments must be authorised by two members of staff with the necessary delegated authority. Within the BACS payment facility this can be achieved by one person inputting the payment file and a second person authorising the file.
- 4.1.4 Access details (user IDs and passwords) to the BACS facility must not be shared between school staff. All staff members that require access to the BACS facility must have their own user ID and password.
- 4.1.5 Schools are not permitted to use BACS payment facilities that allow a single user to create and authorise payments.
- 4.1.6 Where schools receive requests from suppliers to change the bank account number and sort code to which payments are made this should be confirmed over the telephone using a contact number from previous correspondence. Schools must not change any supplier details based solely on letters or emails without first confirming the request is genuine.
- 4.1.7 Someone independent of the BACS authorisation process should carry out termly checks to identify all changes to supplier bank account details to ensure these have been made for genuine reasons.

5 BILLER DIRECT CHARGES

5.1 Payment options for biller direct charges

- 5.1.1 Schools are encouraged to pay for any charges made through the Biller Direct system by direct debit. Schools that have opted not to pay by direct debit will be invoiced for charges made through Biller Direct.
- 5.1.2 Irrespective of the payment method chosen, schools have from the day that a charge was created on Biller Direct until midday on the 'due date' of the charge to raise any

queries or dispute a charge. After this period direct debits will be processed to the total value of the 'Open Bills' less any disputed amounts.

- 5.1.3 Schools opting not to pay by direct debit will be invoiced for the undisputed charges. Failure to settle the invoiced amount in full may result in interest charges being levied on the outstanding amount.

5.2 Protocol for disputed biller direct charges

- 5.2.1 In the event that any charges being made through Biller Direct are queried or disputed, to ensure that both the school and service provider are treated fairly and equally, an agreed protocol has been established for the resolution of any disputes.

- 5.2.2 Where a school disputes or queries any charges on Biller Direct, these must be raised with the Income & Credit Control section on Biller Direct before midday on the 'due date' of the charge, giving a brief outline of the nature of the dispute.

- 5.2.3 The disputed item(s) will then be identified in Biller Direct as in dispute. Schools will still be expected to pay the remaining charges that are not in dispute on the due date.

- 5.2.4 Once the disputed charge has been notified to Income & Credit control, then the school and service provider concerned have 28 days (from the date the dispute was raised) to resolve the problem. During this period it is not expected that any external party would become involved in any negotiations unless the charge relates to a service provided by an external party e.g. utilities. It remains the responsibility of both the school and service provider to settle the dispute.

- 5.2.5 If, after the 28 day period, the school and service provider has failed to reach an agreement that is satisfactory to both parties, then any disputed charges in excess of £1,000 (excepting those charges raised on behalf of an external party e.g. utilities) will be referred to an Independent Disputes Panel (the Panel) for resolution.

- 5.2.6 The panel will be made up of 3 representatives from the following groups:-
- A senior member of the C&F Department e.g. Service Director Level or their nominated representative;
 - A Headteacher;
 - An independent representative from a service department.

- 5.2.7 Details of disputes will be presented to the panel by representatives from both the school and service provider either in writing or in person. It is expected that any disputes that reach the panel will have supporting evidence from both parties recording the action that has been taken to resolve the dispute. The panel would also review the clarity of the original specification / agreement for the service under dispute. Any evidence regarding how this specification / agreement has or has not been met would also be required from both parties.

- 5.2.8 Once the case has been presented, the panel will then decide on one of the options detailed below: -
- i. The full charge is written back to the service provider;
 - ii. The full charge is paid by the school;
 - iii. The charge is split between both the school and the service provider at a proportion to be agreed by the panel.

- 5.2.9 The decision of the panel is final. By referring the dispute to the panel, both the school and the service provider are agreeing to abide by their decision.
- 5.2.10 Where any disputes under £1,000 in value have failed to be resolved between the school and the service provider after the 28 day period, a further 2 months will be given to resolve the dispute. The extra 2 months to resolve the dispute will apply to all disputes that have been raised in relation to charges on behalf of external parties e.g. utilities. Where there is still no agreement after this period then the dispute will be referred to the panel and the procedure will follow points 5.2.7 to 5.2.9 above.
- 5.2.11 The panel will meet once a term. The dates of the meetings will be agreed at the start of each financial year.
- 5.2.12 Income & Credit control will monitor any disputed items on Biller Direct on a monthly basis. Where a disputed item has passed the 'expiry' date to be resolved (as outlined above in points 5.2.5 and 5.2.10) then they will be referred to the disputes panel for consideration at their next scheduled meeting.
- 5.2.13 Any disputes that are to be referred to the panel will be notified to the panel two weeks prior to the date of the meeting. Both the school and service provider involved in the dispute will be asked to provide an overview of the dispute for the panel to review prior to the meeting. Disputes will then be dealt with by the panel in accordance with points 5.2.7 to 5.2.9 above.
- 5.2.14 Although Income & Credit control will maintain overall responsibility for monitoring disputed items on Biller Direct and co-ordinating disputes to be referred to the panel, they will remain independent of the negotiating process between the school, service provider and if applicable the disputes panel.
- 5.2.15 The over-riding aim of the panel is to deal with particularly difficult or complex disputes. It is therefore expected that a referral to the panel should be seen as a 'last resort' once all reasonable options have been explored by both parties to resolve the issue. Any evidence presented to the panel would be expected to reflect this.
- 5.2.16 Any outstanding disputes relating to charges predating the protocol will be dealt with through these arrangements following the implementation of the Protocol.

APPENDIX 1

APPROVED BANKS AND BUILDING SOCIETIES

Although this list was current at time of publication the credit rating of these institutions could change at short notice therefore please contact C&F Finance before considering changing banks

Approved List:

BARCLAYS BANK PLC
HSBC HOLDINGS PLC
LLOYDS BANKING GROUP PLC
NATWEST MARKETS PLC
SANTANDER UK PLC
STANDARD CHARTERED BANK
THE ROYAL BANK OF SCOTLAND GROUP PLC
Coventry Building Society
Leeds Building Society
Nationwide Building Society
Yorkshire Building Society

NEW CONSTRUCTION INDUSTRY SCHEME - SCHOOLS/NURSERIES
From 6th April 2007



Summary of previous scheme, in force until 5th April 2007:

Under the Finance (No 2) Act 1975, Local Authorities are required to report payments to subcontractors engaged to undertake construction work. This includes work carried out in schools/nurseries (excluding contracts that fall within the “small payments concession” where the labour charge is less than £1,000.)

New Schools Exemption - From 6th April 2007:

- After negotiations between Industry and HMRC a major change was agreed for Local Authority schools with delegated budgets.
- This new exemption means that where a contract is between the school/governing body and the subcontractor (i.e. not with the Local Authority/LEA) and is paid from the school's delegated budget, CIS reporting is not required even if the labour charge for the contract is above £1,000.
- This means the school can pay the subcontractor gross, no matter what the cost of the job, and do not have to check CIS status or other CIS regulations.
- No monthly report for these payments need be made by the school to Resources Administration Group.

The only exceptions to this are:

- When the contract and payment is between the subcontractor and the LA. This will usually (but not in all cases be for major Capital Works).
- Where this is the case the payment will be reported on behalf of the school by Resources Administration Group for CIS purposes.
- Again, no monthly report need be made by the school to Resources Administration Group.

OR

- When the school spends over £1,000,000 in a year on constructions works from funds other than their delegated budget. (This does not include payments made under a PFI arrangement.)
- If any school is likely to be in this position, they should contact Resources Administration Group as soon as possible for further advice.

The new exemption should mean a virtual end to CIS reporting for schools.

Schools retain the responsibility for checking Employment Status for payments they make to all individuals.

- The first step is to consider Employment Status when paying invoices and ensure they are self-employed for each contract.
- Watch out for invoices being produced in a company name but payable to an individual – i.e. these must be treated as though it came from the individual.
- These checks must be up to date because if the contract terms have changed the employment status may also have changed.
- Only when it is clear that the individual is self-employed can they be considered a subcontractor.
- **If not clearly self employed they must be paid as an employee via payroll for deduction of Tax/Ni.**
- Checking Employment Status is an integral part of New CIS.
- Full guidance notes on Employment Status have been issued separately.

If anyone is unclear on this, or any other CIS matter, please contact us:

Please do not put the Council at risk of penalties from HM Revenue & Customs.

Contact details:

- HR/Payroll: Schools – 0115 9772727

CASHFLOW ADVANCE REQUEST FLOW

School Name:

Cost Code:

Contact Name:

Contact Number:

Amount Requested:

Date to be paid back:

Please complete the highlighted cells below to support your request for a cashflow advance:

		£
1	Bank Balance per last reconciled bank statement:	<input type="text"/>
	<u>LESS:-</u>	
2	Net amount of unreconciled items <i>(FMS6 Route: Reports/General Ledger/Unreconciled Transactions)</i>	<input type="text"/>
3	Any outstanding orders <i>(FMS6 Route: Reports/Accounts Payable/Purchase Order/Outstanding Orders)</i> <i>n.b. leave date fields blank</i>	<input type="text"/>
4	Any direct debits due for payment before next scheduled tranche	<input type="text"/>
	Any commitments not yet recorded but due before next scheduled tranche	<input type="text"/>
5	Current Creditor Control Balance <i>(FMS6 Route: Reports/Trial Balance/Summary Trial Balance/By Ledger Code)</i>	<input type="text"/>
	<u>ADD:-</u>	
6	Current Debtor Control Balance <i>(FMS6 Route: Reports/Trial Balance/Summary Trial Balance/By Ledger Code)</i>	<input type="text"/>
7	Projected Bank Balance Shortfall	<input type="text"/>

Please include any additional details you think relevant to your cashflow request in the space provided below e.g. brief details of commitments, extraordinary expenditure etc.

Signed:

Date:

LOCAL AUTHORITY LOAN SCHEMES**School Loan Scheme**

1. The School Loan Scheme will be administered by C&F Finance.
2. Loans can only be made to LA maintained schools. New loans will not be available to any LA maintained school that has an Academy Order.
2. The School Loan Scheme will be for £2 million or 25% of school year end balances; whichever is the lower amount. Therefore the amount of loans outstanding at the end of each financial year will not exceed £2 million.
4. The School Loan Scheme will be for financing assets such as IT equipment, minibuses, photocopiers and relevant contributions towards capital expenditure projects and/or to attract additional external income, such as lottery funding.
5. Schools may borrow between £6,000 and £50,000, except as provided for in paragraphs 6, 7 and 11 below.
6. A Loans Panel that will comprise of the Finance Business Partners from C&F Finance (Schools), the Senior Finance Business Partner – C&F Finance and the Service Director Finance, Infrastructure & Improvement, will consider loan requests in excess of £50,000. The Loans Panel will consider issues such as the amount of the loan, the ability of the school to repay and the options for leasing.
7. For loans in excess of £50,000 the school will be required to contribute 20% upfront.
8. Loans will be repaid over three financial years, with no repayment in the financial year of purchase (unless over £50,000).
9. Repayments will be made equally over the three years and will consist of the amount of loan to be repaid, interest (at base rate at the date the loan commenced plus 1%) and an administration fee.
10. Loans will be made available on first come first served basis and quoted loans will be held for a fixed period of time, awaiting school confirmation.
11. Loan requests that would result in a school's total loans outstanding exceeding £50,000 will be referred to the Loans Panel.
12. Schools with budget deficits will be allowed loans as part of their approved expenditure plans, as long as the loan complies with the requirements of section 4.10.
13. School purchases supported by loans must be made in accordance with the LA's purchasing, tendering and contracting requirements (see section 2.10 of the Scheme).

Local Authority Energy Financing Scheme (LAEF)

1. The LAEF scheme provides an interest free loan to fund the implementation of energy saving projects, however, an administration fee will be charged to set up the loan.
2. The school will repay the loan over an agreed period of time from the financial savings that result from the energy improvement project.
3. The LAEF scheme can be used to support all or part of the school's contribution towards projects that are implemented under the School Condition Initiative or to implement energy saving projects that have not been identified in the condition survey. The level of support will be dependent on the energy saving potential of the individual projects.
4. Further information on the LAEF scheme should be obtained from the Energy and Carbon Management team on 0115 9774623 or energy.en@nottscc.gov.uk

ANNEX F

LIST OF SCHOOLS COVERED BY SCHEME AS AT 18th December 2020

School Name	Area	DfE
Abbey Gates Primary	Gedling	2788
Abbey Hill Primary	Ashfield	3797
Abbey Primary	Mansfield	3297
Albany Infant	Broxtowe	2301
Albany Junior	Broxtowe	2300
All Hallows C of E Primary	Gedling	3018
All Saints Anglican/Methodist Primary	Newark	3539
All Saints C of E Infant	Ashfield	3774
Annesley Primary	Ashfield	2010
Arno Vale Junior	Gedling	2200
Arnold Mill Primary	Gedling	2916
Arnold View Primary	Gedling	2942
Ash Lea Special	Rushcliffe	7023
Asquith Primary	Mansfield	3782
Bagthorpe Primary	Ashfield	2436
Banks Road Infant	Broxtowe	2317
Beardall Fields Primary	Ashfield	2464
Beckingham Primary	Bassetlaw	2679
Berry Hill Primary	Mansfield	2947
Bispham Drive Junior	Broxtowe	2316
Blidworth Oaks Primary	Newark	3793
Bracken Hill Special	Ashfield	7032
Bramcote C of E Primary	Broxtowe	3370
Bramcote Hills Primary	Broxtowe	2271
Brierley Forest Primary	Ashfield	2000
Brinsley Primary	Broxtowe	2395
Broomhill Junior	Ashfield	2466
Bunny C of E Primary	Rushcliffe	3072
Butler's Hill Infant	Ashfield	2470
Carnarvon Primary	Rushcliffe	2693
Carr Hill Primary	Bassetlaw	2928
Chilwell School	Broxtowe	4121
Christ Church C of E Primary	Newark	3450

Church Vale Primary	Mansfield	2927
Chuter Ede Primary	Newark	2674
Clarborough Primary	Bassetlaw	2705
Coddington C of E Primary	Newark	3081
Coppice Farm Primary	Gedling	2213
Costock C of E Primary	Rushcliffe	3084
Cotgrave C of E Primary	Rushcliffe	3530
Crescent Primary	Mansfield	2948
Croft Primary	Ashfield	2126
Cuckney C of E Primary	Bassetlaw	3087
Dalestorth Primary	Ashfield	2167
Dean Hole C of E Primary	Newark	3076
Derrymount Special	Gedling	7012
Digby Special	Gedling	7019
Dunham C of E Primary	Bassetlaw	3088
East Markham Primary	Bassetlaw	2734
Eastlands Junior	Mansfield	2175
Edgewood Primary	Ashfield	2471
Elkesley Primary	Bassetlaw	2741
Eskdale Junior	Broxtowe	2299
Everton Primary	Bassetlaw	2742
Farmilo Primary	Mansfield	3781
Forest Town Primary	Mansfield	2937
Fountaindale Special	Ashfield	7009
Gamston C of E Primary	Bassetlaw	3546
Gateford Park Primary	Bassetlaw	2941
Gotham Primary	Rushcliffe	2748
Greasley Beauvale Primary	Broxtowe	3795
Hallcroft Infant	Bassetlaw	2346
Hawthorne Primary	Gedling	2685
Healdswood Infant	Ashfield	2165
Heatherley Primary	Mansfield	2930
Heathlands Primary	Mansfield	3295
Hetts Lane Infant	Mansfield	2174
High Oakham Primary	Mansfield	3776
Holgate Primary	Ashfield	2018
Holly Hill Primary	Ashfield	2440
Holly Primary	Mansfield	2923

Holy Family Catholic Primary	Bassetlaw	3768
Intake Farm Primary	Mansfield	3780
Jacksdale Primary	Ashfield	2444
James Peacock Infant	Rushcliffe	2822
Jesse Gray Primary	Rushcliffe	2565
John Blow Primary	Newark	2718
John Clifford Primary	Broxtowe	2274
John Hunt Primary	Newark	2678
John T. Rice Infant	Mansfield	2107
King Edward Primary	Mansfield	3779
King Edwin Primary	Newark	2737
Kingsway Primary	Ashfield	2912
Kinoulton Primary	Rushcliffe	2769
Kirklington Primary	Newark	2772
Kneesall C of E Primary	Newark	3112
Lady Bay Primary	Rushcliffe	2560
Lake View Primary	Newark	2821
Lambley Primary	Gedling	2775
Langar C of E Primary	Rushcliffe	3113
Lantern Lane Primary	Rushcliffe	2731
Larkfields Junior	Broxtowe	2416
Lawrence View Primary	Broxtowe	2406
Leas Park Junior	Mansfield	2094
Leen Mills Primary	Ashfield	2490
Linby-cum-Papplewick C of E Primary	Gedling	3568
Lovers Lane Primary	Newark	2532
Lowdham C of E Primary	Newark	3566
Lowe's Wong Anglican/Methodist Junior	Newark	3133
Lowe's Wong Infant	Newark	2824
Manners Sutton Primary	Newark	2673
Manor Park Infant	Gedling	2700
Mapperley Plains Primary	Gedling	2228
Mattersey Primary	Bassetlaw	2779
Maun Infant	Newark	2802
Misson Primary	Bassetlaw	2781
Misterton Primary	Bassetlaw	2784
Morven Park Primary	Ashfield	2913
Mount C of E Primary	Newark	3040

Muskham Primary	Newark	2796
Netherfield Infant	Mansfield	2176
Nettleworth Infant	Mansfield	2093
Newlands Junior	Mansfield	2108
Newstead Primary	Gedling	2787
Normanton-on-Soar Primary	Rushcliffe	2790
North Clifton Primary	Newark	2793
North Wheatley C of E Primary	Bassetlaw	3287
Northfield Primary	Mansfield	3293
Norwell C of E Primary	Newark	3119
Orchard Primary	Ashfield	2918
Orchard Special	Newark	7041
Ordsall Primary	Bassetlaw	3772
Orston Primary	Rushcliffe	2806
Phoenix Infant	Gedling	2239
Pierrepoint Gamston Primary	Rushcliffe	2946
Pinewood Infant	Gedling	2223
Priestsic Primary	Ashfield	2140
Priory Junior	Gedling	2238
Prospect Hill Infant	Bassetlaw	2925
Prospect Hill Junior	Bassetlaw	2926
Queen Eleanor Primary	Newark	2751
Radcliffe-on-Trent Infant	Rushcliffe	2810
Radcliffe-on-Trent Junior	Rushcliffe	2812
Rampton Primary	Bassetlaw	2813
Ramsden Primary	Bassetlaw	2704
Ranby C of E Primary	Bassetlaw	3061
Ravenshead C of E Primary	Newark	3290
Redlands Primary	Bassetlaw	2611
Round Hill Primary	Broxtowe	2901
Rylands Junior	Broxtowe	2282
Selston C of E Infant	Ashfield	3031
Sherwood Junior	Mansfield	2180
Sir Edmund Hillary Primary	Bassetlaw	2616
Springbank Primary	Broxtowe	3331
St Andrew's C of E Primary	Ashfield	3008
St Anne's C of E Primary	Bassetlaw	3496
St Augustine's School	Bassetlaw	2002

St Edmund's C of E Primary	Mansfield	3004
St Giles Special	Bassetlaw	7021
St John The Baptist C of E Primary	Gedling	3352
St John's C of E Primary	Broxtowe	3021
St Luke's C of E Primary	Bassetlaw	3494
St Matthew's C of E Primary	Bassetlaw	3117
St Patrick's Catholic Primary	Bassetlaw	3764
St Peter's (Ruddington) C of E Junior	Rushcliffe	3126
St Peter's C of E Primary	Bassetlaw	3548
St Wilfrid's C of E Primary	Gedling	3073
Standhill Infant	Gedling	2237
Stanhope Primary	Gedling	2911
Sturton Le Steeple C of E Primary	Bassetlaw	3586
Sutton Bonington Primary	Rushcliffe	2826
Sutton Road Primary	Mansfield	3775
Sutton-cum-Lound C of E Primary	Bassetlaw	3592
Sutton-on-Trent Primary	Newark	2829
The Lanes Primary	Broxtowe	2031
The Primary School Of St Mary & St Martin, Blyth C of E	Bassetlaw	3514
Trent Vale Infant	Broxtowe	2286
Trowell C of E Primary	Broxtowe	3143
Underwood C of E Primary	Ashfield	3032
Wadsworth Fields Primary	Broxtowe	3796
Walesby C of E Primary	Newark	3145
Walkeringham Primary	Bassetlaw	2844
West Bridgford Infant	Rushcliffe	2568
West Bridgford Junior	Rushcliffe	2574
Westdale Infant	Gedling	2248
Westwood Infant	Ashfield	2450
William Lilley Infant	Broxtowe	2308
Willoughby Primary	Rushcliffe	2850
Willow Brook Primary	Rushcliffe	2768
Winthorpe Primary	Newark	2853
Woodborough Woods Foundation Primary	Gedling	3606
Woodland View Primary	Ashfield	2150
Woodthorpe Infant	Gedling	2202
Wynddale Primary	Mansfield	3298

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what a good reason was, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget

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

Charge of premature retirement costs to local authority non-schools budget

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale

Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

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”.

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school’s delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7) Where a local education authority incur costs—

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

(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the governing body except in so far as the authority agrees with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

:

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

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

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