

Ceredigion County Council

Scheme for Financing Schools

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1.0 Preface to the Scheme

s.48 of the SSAF Act requires Local Authorities to publish a scheme relating to the funding of its schools. The statutory requirements relating to content, consultation on and publication of schemes are set out in part IV of the School Funding (Wales) Regulations 2010.

In Ceredigion, the Scheme for the Local Management of Schools, governing the financial relationship between maintained schools and the Local Authority, was published on 31st March 1996.

Supplementary guidance on Schemes for Financing Schools has been published by the Welsh Government in 2002. The Welsh Government issued new Regulations in 2010. This has necessitated the Ceredigion Scheme for Local Management of Schools to be fully amended and replaced by the following Scheme For Financing Schools.

Any queries regarding this Scheme should be directed to:

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2.0 Introduction

2.1 Purpose of the Scheme

- 2.1.1 Ceredigion County Council's Scheme for Financing Schools ("the Scheme") defines the financial relationship between Ceredigion County Council (the Local Authority) and its maintained schools. The Scheme details the financial management arrangements to which the Local Authority and its schools are required to adhere. The Scheme should be considered in conjunction with education policy and guidance documents, including Ceredigion County Council's 'Financial Regulations for Delegated Schools'.
- 2.1.2 This framework for this Scheme is based on legislative provisions contained in sections 45-53 of the School Standards and Framework Act, 1998 (SSAF Act) and as further detailed in The School Funding (Wales) Regulations 2010.

2.2 Application of the Scheme to Maintained Schools

- 2.2.1 This scheme applies to all maintained schools in Ceredigion. The names of these schools as at 1st April 2012 are listed in Annex 1. The Scheme does not apply to Pupil Referral Units as these units do not have delegated budgets.
- 2.2.2 Where the Local Authority's Financial Regulations for Delegated Schools or Standing Orders conflict with the Local Authority's Scheme for Financing Schools, it is the Scheme that prevails. The Financial Regulations for Delegated Schools are intended to help schools secure best practice and form part of the expected internal arrangements. Governing bodies are required to observe these Financial Regulations and to bring them to the attention of all staff within the school.

2.3 The Role of the Local Authority

- 2.3.1 The Local Authority has a wide range of statutory functions relating to the provision of Education, including a duty to promote high standards. It is responsible for setting the policy framework for the Department of Education and Community Services and for managing that part of the resources for Education which it will retain centrally in accordance with regulations.
- 2.3.2 Under s.46 of the SSAF, the Local Authority determines the size of the Individual School's Budget (ISB).
- 2.3.3 The Local Authority 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 an Authority maintains schools is through the funding system put in place by s.45 to 53 of the SSAF Act.

2.4 Budget Distribution

2.4.1 The Local Authority must distribute amounts from the ISB amongst all its maintained schools, according to a formula which accords with regulations made by the Welsh Government¹, 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 delegated budget has been suspended in accordance with s.51 of the SSAF Act. The financial controls within which delegation works are set out in this document and are in accordance with s.48 of the SSAF Act. All revisions to the Local Authority's scheme must be approved by the Schools' Forum or by the Welsh Government, which will have the power to modify or impose a scheme.

The role of the Governing Body

- 2.4.2 Governing bodies are incorporated and have their own statutory duties and powers. Specifically, the governing body is required to conduct the school with a view to promoting high standards of educational achievement. The governing body has a general responsibility for ensuring that the school is run effectively and efficiently within the framework set by legislation and the policies of the Local Authority.
- 2.4.3 It will be the responsibility of each school's governing body to manage its budget share for implementing the School's Development Plan.
- 2.4.4 The intention of the Scheme is to allow governors and headteachers as much discretion in the management of delegated resources as is consistent with the LA being able to fulfil its statutory responsibilities.
- 2.4.5 Subject to the provisions contained in this scheme, governing bodies may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Welsh Government in regulations made under s.50 (3), SSAF Act.

Delegation of Powers to the Headteacher

- 2.4.6 The Governing body must determine what financial powers they wish to be delegated to the headteacher. Governors will want to balance the need for the school to function effectively on a day to day basis with the fact that responsibility rests with them. A prudential balance needs to be arrived at, which should include full reporting back to governors of the use made of delegated powers on a suitable periodic basis. The governing body is required to consider the extent to which it wishes to delegate its financial powers to the headteacher and other members of their Schools leadership teams and to record its decisions (and any revisions) relating to delegation of powers in the minutes of the governing body.
- 2.4.7 A new school shall have a delegated budget as from the school opening date unless determined otherwise within the provisions of s. 49(3) of the SSAF Act.

¹ s. 47 of the SSAF Act

Suspension of Delegation

- 2.4.8 If the provisions of the Scheme are substantially or persistently breached, a budget share has not been satisfactorily managed or intervention is exercised in accordance with s. 14 and s. 17 of the SSAF Act, then delegation may be suspended subject to a right of appeal to the Welsh Government except where supervision is exercised under s.17 of the SSAF Act.
- 2.4.9 The Local Authority may suspend a school's right to a delegated budget, by giving the governing body notice, in writing, if the provisions of the Scheme for Financing Schools (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. The Local Authority is likely to issue the governing body of a school with a Notice of Concern letter in the first instance where, in the opinion of the Director of Education and Community Services and the Director of Finance, action is needed to be taken to safeguard the financial position of the Local Authority or school. Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. The process the Local Authority will follow in suspending delegation is outlined in Annex 2. There is a right of appeal to the Welsh Government. A school's right to a delegated budget share may also be suspended for other reasons.

Revision of the Scheme

- 2.4.10 The Ceredigion County Council Department of Education and Community Services is responsible for monitoring and evaluating the scheme, taking into account of any feedback received from schools. This Department is also responsible for revising the scheme in light of any new legislation and regulations.
- 2.4.11 Proposed revisions to the scheme will be the subject of consultation with all headteachers and all Schools' governing bodies. Any revisions must be approved by the Ceredigion County Council Cabinet.
- 2.4.12 The Welsh Minister may approve any such proposals, or approve subject to modification, or refuse to approve any such proposals.

Publication Requirements

- 2.4.13 The detailed publication requirements for the Scheme and for financial statements are set out in regulations. A copy of the Scheme is supplied to the governing body of each school and to the headteacher. The Scheme is also available on the internet (www.ceredigion.gov.uk).
- 2.4.14 In accordance with s.52 of the SSAF Act, the Local Authority will publish each year a statement setting out details of its planned Individual Schools' Budget, showing:-
- the amounts to be centrally retained,
 - the budget share for each school,
 - the formula used to calculate the budget share for each school

- the detailed calculation for each school.

2.4.15 After each financial year the Local Authority will publish a statement showing

- individual school expenditure
- centrally retained expenditure
- balances held in respect of each school.

3.0 Financial Control

3.1 Responsibility and Application of Financial Controls to Schools

- 3.1.1 This section should be read in conjunction with 'Financial Regulations for Delegated Schools', with which schools are required to comply.
- 3.1.2 In practice, the systems of financial management will vary according to the size, organisation and particular needs of each school. Nevertheless, sound management arrangements need to be developed by all governing bodies of their school's income and expenditure and the use of resources. In order to achieve this objective, clear financial planning and financial control systems must be developed.
- 3.1.3 Each system which controls the income, expenditure, assets or liabilities of the school will require some or all of the following controls in order to deliver the general financial objectives of the school:
- 3.1.4 Key Controls should comprise:-
- organisation
 - responsibility
 - personnel
 - business ethics
 - segregating duties
 - authorisation
 - supervision
 - monitoring and reporting
- 3.1.5 The more functions a school chooses to undertake itself, the more effective procedures it will require to ensure that all transactions are accurately recorded, reported and monitored against plans and budgets.

3.2 Provision of Financial Information and Reports

- 3.2.1 Schools are required to provide the Local Authority with details of anticipated and actual expenditure and income in a form and at times determined by the Local Authority. The Local Authority may not require submission of such financial information more often than once every three months, except for that connected with tax or banking reconciliation, unless the Local Authority has notified the school in writing that, in its view:
- the school's financial position requires more frequent submission; or
 - the school is in difficulty or subject to review; or
 - the school is in its first year of operation.
- This restriction does not apply to schools which are part of the Local Authority's on-line financial system.
- 3.2.2 For schools entering into a Service Level Agreement (SLA) with the Local Authority for provision of Finance Services and Payroll/Personnel services both the school

and the Local Authority will perform their share of the functions as specified and agreed within the SLA.

- 3.2.3 For schools operating their own bank account in respect of their delegated budget, the types of information and reports the Local Authority will require are as follows:
- provide termly reports on their anticipated income and expenditure for the year showing clearly all known commitments, in an agreed format to be provided by the Local Authority;
 - provide monthly VAT returns to the Local Authority by the specified date and agree to indemnify the Local Authority against any customs and excise penalties imposed as a result of mis-declarations;
 - provide monthly bank reconciliation returns to the Local Authority in a format to be agreed with the Local Authority;
 - need to ensure that all accounts are reconciled and balanced by 30 April each year, in order that the Local Authority is able to meet its statutory responsibilities.
- 3.2.4 For those schools providing their own payroll and payment functions, the Local Authority requires indemnification against any claim by employees or the Inland Revenue. To this end the school may wish to purchase an insurance policy. Responsibility for the completion of all payments and returns to the Inland Revenue, as well as to the Superannuation Agency and any other organisation where deductions have been processed, will be the responsibility of the school. The Local Authority will require monthly statements in order to provide complete information to various organisations (including the government) regarding employees costs.

3.3 Payment of Salaries and Payment of Bills

- 3.3.1 The Local Authority may offer SLAs for the payment of salaries and the procurement and payment of goods and services, according to the terms and specifications contained in the SLA. All responsibilities, administrative arrangements and designation arrangements relating to these services will be agreed with schools at the time the SLAs are agreed and signed.

3.4 Control of Assets

- 3.4.1 One of the requirements of the Local Authority's Financial Regulations is that inventories shall be maintained by all Departments. Certain equipment held by a School can be valuable, attractive and portable. It may therefore be appropriate to maintain an inventory of ALL those items valued at £250, or more, to include groups of furniture eg '25 desks and chairs'. Such a record would prove useful for maintaining adequate control over the School's assets; help to identify any losses for insurance purposes; and be used as a record of the equipment available within the School.

- 3.4.2 The main copy of the inventory could be kept by the School's Administration Officer or Head Teacher, who would be responsible for updating it when new goods are received, or when old or surplus equipment is disposed of. Ideally, inventory records should be on a 'per room' basis, and should be completed by the appropriate teacher.
- 3.4.3 Appropriate copies of the inventory should also be kept by each teacher, and a regular 'stock-take' carried out by them, either at the beginning or the end of each academic year. An inventory record is available from the Council's Internal Audit Section which you can contact on (01970) 633327.
- 3.4.4 Whenever school property is taken off the school site (eg camera for field trip) it should be signed for and a register noted accordingly.
- 3.4.5 Head Teachers should complete a disposal of asset form, which forms part of the Council's inventory records, as per point 3.4.2 above.
- Headteachers should prepare a schedule, which identifies in adequate detail, the surplus goods and/or equipment for disposal.
 - This schedule should be circulated, via the Education Department, to all the Local Authority's schools inviting bids, by a specific date, for the transfer of the items. If bids are received then items will be transferred in accordance with the bids and appropriate Internal Transfer of funds will be arranged by the Education Department.
 - no bids are received, then the Education Department will arrange for the sale or disposal of the surplus items. Any sale will be credited to the disposing school's budget.

3.5 Accounting Policies (including Year-End Procedures)

Accounting Policies

- 3.5.1 The Local Authority's responsibilities are to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Finance Officer) has responsibility for the administration of those affairs. The Chief Finance Officer is responsible for the preparation of the Local Authority's statement of accounts, which includes expenditure by schools and must present a true and fair view of the financial position of the Local Authority at the end of the financial year.
- 3.5.2 In order to achieve this, suitable accounting policies have been selected and will be applied consistently, ensuring that proper accounting records are maintained and kept up to date. A summary of the main policies is given below:
- use of accruals (commitments) basis;
 - all income and expenditure should be matched;
 - a prudential approach should be adopted towards estimating future income and expenditure.

- 3.5.3 All schools must comply with the Local Authority's accounting policies including the Council Financial Regulations.

Accounting year end procedures

- 3.5.4 Financial Services will issue specific guidelines to schools on the timetable and procedures to be followed by each school in February each year. Schools are required to comply with the closure timetable.

3.6 Writing Off Of Debts

- 3.6.1 The Governing Body is not authorised to write off any debts which remain outstanding and appear irrecoverable. Authority must be obtained from Ceredigion County Council Cabinet for any write-off of monies due, except to the extent of delegation to the Chief Finance Officer. All schools must make any request for the write-off of debts to the Chief Finance Officer.

3.7 Basis of Accounting

- 3.7.1 Schools should report to the Local Authority on an accruals (commitments) basis.
- 3.7.2 All schools will have access to either the ledger or to spreadsheets setting out the financial position of the school prepared by the Department of Education and Community Services.
- 3.7.3 Internal school management reports may be prepared on either an accruals or a cash basis. However, Governors need to assure themselves that they are aware of the true position of their school position if a cash basis is chosen.

3.8 Submission of Budget Plans

- 3.8.1 Each maintained school is required to submit a budget plan (draft working budget) to the Local Authority annually. Schools must take full account of estimated deficits/surpluses at the previous 31 March in their budget plan.
- 3.8.2 The first formal budget plan of each financial year must be approved by the full governing body. In the case of all schools, this should be not later than 1st April each year. However, in exceptional circumstances, in agreement with the Local Authority, the submission may be delayed until 1st June. Failure to do so may result in intervention by the Local Authority.
- 3.8.3 Budget plans must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. Budget plans need to be monitored and reviewed for accuracy in a timely manner. It is the School's responsibility to undertake this monitoring and reviewing role. This includes those schools that have entered an SLA with the Local Authority for budget preparation, as the SLA does not include a provision for monitoring or reviewing the budget.

- 3.8.4 Budget plans should also give an indication of any virement arrangements approved by the governing body and proposals for the intended use of surplus balances. The Local Authority will provide detailed guidance to schools on the format in which budget plans should be presented.
- 3.8.5 In addition, the Governing Body is required to notify the LA of any revisions to its budget allocation or forecasted out-turn where any such revision of budgeted spend exceeds £4,000 in respect of Primary Schools or £10,000 in respect of Secondary Schools.
- 3.8.6 It is desirable that schools make clear the way in which school development planning and, in particular school improvement, is supported by the budget plan. In certain cases, and specifically where planned expenditure is exceeded, the Local Authority will require the submission of revised plans (see 3.11)
- 3.8.7 All schools will have access either to:-
- the Local Authority's ledger which will show the latest income and expenditure items posted against the school's delegated budget; or
 - spreadsheets prepared by the Department of Education and Community Services listing the financial transactions of the school.

3.9 Improvement Planning

- 3.9.1 Section 2 of the Local Government (Wales) Measure 2009 places local authorities under a general duty to "make arrangements to secure continuous improvement in the exercise of [their] functions". While this statutory responsibility does not extend to governing bodies, it is considered good practice for such bodies to set clear priorities, to identify actions to achieve them and to establish an appropriate framework of performance measures to be used in monitoring progress. Such plans and strategies will need to be refreshed on a regular basis possibly annually.

3.10 Best Value

- 3.10.1 Given the very high proportion of local authority spending which flows through delegated budgets, the Government considers it desirable that schools should demonstrate that they are following best value principles as detailed in Annex 3.
- 3.10.2 As part of the submission of the annual budget plan, the Governing Body of each school shall submit a statement setting out the steps that they will be taking in the course of the year to ensure that expenditure reflects the principles of the best value regime.

3.11 Virement

- 3.11.1 Governing bodies / headteachers may vire funds between budget heads within delegated budgets.
- 3.11.2 Where the governing body is in receipt of specific grants, they must comply with the grant conditions relevant to each grant. All such grant virements should be approved by the governing body or committee or headteacher with delegated powers prior to the commitment of any expenditure. Where virement occurs and there is likelihood of total planned expenditure exceeding the planned budget, the Director of Education and Community Services should be notified immediately (who will, in turn, notify the Chief Finance Officer).

3.12 Audit - General

- 3.12.1 The Governing Body will be accountable to the Local Authority for the security, custody and deployment of all resources for which it has been delegated responsibility. The Governing Body is also responsible for safeguarding the assets of the school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 3.12.2 The scope of the Council's Internal Audit work extends to the entire control environment of the Council, and includes schools. The Internal Auditor may review and appraise any school's financial policies, plans, procedures and records and must be given unlimited access to the school's records, assets and personnel such as he/she may consider relevant to carry out his/her duties outlined under the Local Government Act 1972 (Section 151) and the Accounts and Audit Regulations 2005 (Section 6).
- 3.12.3 The Chief Internal Auditor has direct access to, and freedom to report in his/her own name and without fear or favour to, the Governing Body, Head Teacher, Director of Education and Community Services and appropriate committee or panel.
- 3.12.4 The staff of the Internal Audit Section have authority to:
- Enter at all reasonable times any Council premises or land, to include schools, subject to child protection regulations,
 - Have access to all records, documents and correspondence relating to any financial and other transactions of the school,
 - Require and receive such explanations as are necessary concerning any matter under examination,
 - Require any employee of the school to produce cash, stores or any other Council property under his/her control, and
 - Have access to records belonging to third parties, such as contractors or partnership agencies, according to the relevant contractual terms.
- 3.12.5 The responsibilities of external auditors are derived from statute, principally the Audit Commission Act 1998 and the Local Government Act 1999, the Accounts and

Audit (Wales) Regulations 2005 and the Code of Audit and Inspection Practice 2005.

- 3.12.6 Each governing body and Head Teacher is expected to meet any request for information or access to records from both internal and external auditors.

3.13 Separate External Audits

- 3.13.1 Governing bodies may employ their own external auditors to audit their accounts if they wish. The Local Authority will not, however, make any additional funds available for this purpose. Such arrangements will not preclude the Chief Finance Officer from carrying out any internal or external audit checks he/she feels necessary.

3.14 Funds

- 3.14.1 Every governing body must ensure the safe and proper custody of any voluntary or private funds, or funds relating to trading organisations entrusted to it, and that all funds are approved firstly by the governing body and thereafter properly accounted for.
- 3.14.2 A report should be presented to the Governing Body annually, stating the use made of such funds and the balances held. The governing body should ensure that the funds are used for the benefit of the pupils or the school.
- 3.14.3 The School should produce system and procedural notes for the control, management, and operation of the private fund, as outlined in the Financial Regulations for Delegated Schools. A copy of these should be given to each member of staff that is given responsibility for managing a private fund. On NO ACCOUNT should Council income be paid into the private fund bank account initially and later transferred to the Council account – school private funds and Council funds should not be mixed.
- 3.14.4 All new funds should have a dedicated bank account.

Private, Voluntary and Unofficial Funds

- 3.14.5 Where any private, voluntary or unofficial fund is administered by the school, it must be recognised that there is a responsibility on the part of the Local Authority to protect the interests of the donors and beneficiaries. Annual statements should be prepared in accordance with the financial regulations for delegated schools and Audit Certificates should be provided to the Local Authority and respective Governing body on an annual basis.

Trust Funds

- 3.14.6 Where Trust Funds have been established to benefit individual schools, the trustees must ensure that they fully discharge their legal responsibilities and comply to the requirements of the Charity Commission and each individual trust fund.

3.15 Register of Business Interests

- 3.15.1 All governors, headteacher and all members of staff of a school must declare all business interests they or their immediate family have in a register set up by the governors for that purpose. It will be the responsibility of the governing body to ensure that the register is kept up to date, by positively reviewing and making necessary enquiries of every governor, headteacher and members of staff at least annually.
- 3.15.2 Members of the Governing Body may not participate in any decision in which he or she may have a pecuniary interest. Where there is a suggestion of improper influence being exercised the LA may consider the withdrawal of delegation or other appropriate sanctions.
- 3.15.3 The placing of contracts with e.g. family or friends for improper motives would be likely to be an example of acting in bad faith, which would result in governors forfeiting the protection against personal liability granted by the Act.
- 3.15.4 The appropriate Register of Business Interests should be available for public display at each school.

3.16 Purchasing, Tendering and Contracting Requirements

- 3.16.1 Schools must abide by the latest version of the Local Authority's Contract Procedure Rules (the latest version at the time of writing was approved by Council 19/02/2009). Schools must also abide by the Financial Regulations for Delegated Schools in purchasing, tendering and contracting matters. Schools should also assess in advance, where relevant, the health and safety competence of contractors taking account of the LEA's policies and procedures.
- 3.16.2 Although governing bodies are empowered under s.10 SSAF to enter into contracts, in most cases they do so on behalf of the Local Authority as maintainer of the school and owner of the funds in the budget share. However, other contracts may be made solely on behalf of the governing body where the governing body has clear statutory obligations – for example, contracts made by aided schools for the employment of staff.
- 3.16.3 Schools making use of facilities outside the central arrangements within the financial regulations for delegated schools are responsible for securing value for money and must be able to substantiate the terms of their purchases and justify the action taken.

3.16.4 All contracts must be subject to competition, as follows (minimum requirements).

Total Value	Award Procedure	Award Team (minimum)
£5,000 and up to £25,000	Request at least three written Quotations obtaining at least one.	Member of the School Senior Management Team.
£25,000 and up to £100,000	Request and obtain at least three written Quotations.	Member of the School Senior Management Team and Headteacher.
£100,000 and over	Send out at least five Invitations to Tender	Member of the School Senior Management Team and a Ceredigion County Council Director.

3.16.5 Schools are also required to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Local Authority's policies and procedures.

3.16.6 Access to purchase goods or services through Central Contractors has been arranged with a wide range of suppliers. Such contracts cover a wide range of goods and services which are commonly required by schools including oil and provisions. Note that only Council approved suppliers should be used to supply food due to the potential high risk associated with this commodity.

3.16.7 Schools are not required to select suppliers only from an approved list - although the the Local Authority would strongly recommend that any approved list is used to both protect the school and to save valuable staff time when seeking suppliers.

3.16.8 The Council has a Procurement Officer who would be able to support schools in their procurement activities and can be contacted on 01970 633050. There is no charge for using corporate contracts and schools are expected to make use of the Procurement Service when appropriate to ensure that value for money is achieved.

3.16.9 The easiest route for schools to achieve both regulatory compliance and ensure value for money from contracting arrangements is to use the e-procurement system – Authority Purchasing. This system has been integrated with all other financial software packages operated by the Council.

3.17 Application of Service Level Agreements (SLAs) to Schools

3.17.1 Schools are not bound to take up Authority SLAs and may opt out of Authority SLAs. Schools which enter into SLAs with the Local Authority are bound by the terms contained within each SLA, which may allow for variation of terms and conditions.

3.17.2 Schools opting into the Local Authority's Agreement will be bound by its terms and conditions. Governing Bodies should give the Local Authority twelve months notice

(or the equivalent notice required within the agreement) in writing of the intention to opt out of the Local Authority's arrangements.

- 3.17.3 Schools which opt out of Authority SLAs in contravention of the agreed terms and conditions will be required to meet any additional costs or obligations incurred as a result of their action. Schools may also be bound to certain contracts approved by the Welsh Government for services, irrespective of the agreement of schools.
- 3.17.4 Schools should note that, although governing bodies are empowered under para 3 s.10 SSAF Act to enter into SLAs or contracts, in most cases they do so on behalf of the Education Authority, as maintainer of the school and owner of the funds in the budget share. Where the governing body has clear statutory obligations, e.g. contracts made by aided schools for the employment of staff, the agreement may be made solely on behalf of the governing body.

3.18 Central Funds and Earmarking

- 3.18.1 In addition to the funds delegated to schools through the ISB, the Local Authority may make additional allocations available to schools for specific purposes (e.g. specific grants from the Welsh Government). Such funds will be made available subject to conditions which will stipulate the purpose for which the funds are to be used. Such funds, if paid direct to the school from an external body, should be paid into the school's delegated budget. On NO ACCOUNT should any funds provided to the school by the Local Authority, or other bodies, be paid into any private funds held by the school – even if the intention is to transfer it at a later date.
- 3.18.2 The Local Authority will need to show that funds allocated for specific purpose(s) have been spent only on the purpose(s) for which funding was given and were not vired into the budget share. Consequently, all such expenditure will need to be recorded on the Local Authority's financial management system and sufficient back up information provided to demonstrate that this requirement has been complied with.
- 3.18.3 The Local Authority may require that earmarked funds must be returned to the Local Authority if not spent in the financial year, or within the period over which schools are allowed to use the funding if different.
- 3.18.4 The Local Authority will not make any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved specific or special grant.
- 3.18.5 However, the Local Authority may deduct an administration charge from the funds at source, if in accordance with the fund's terms and conditions.

3.19 Spending for the Purposes of the School

- 3.19.1 S.50, SSAF Act allows governing bodies to spend budget shares for the purposes of the school. This may include non-school provision of programmes of education or provision of programmes of education within the 'Family of Schools' where

governors can show that these relate directly to the raising of standards. One example of this would be Community Focused Schools' activities.

3.20 Capital Spending from Budget Shares

- 3.20.1 Governing bodies may use their budget shares to meet the cost of capital expenditure on school premises. This provision includes expenditure by the governing body of an aided school on work which is their responsibility under para 3 Sch. 3 of the SSAF Act. However, should the anticipated capital expenditure by a governing body of a school exceed £15,000 in any one year, the governing body is required to notify the Local Authority and take into account any advice from the Director of Education and Community Services as to the merits of the proposals. Any project of a capital nature that exceeds **£15,000** must be accompanied by a feasibility study as stipulated by the Local Authority's Capital Programme Working Party.
- 3.20.2 Any proposed works to LA owned assets must receive prior approval of the Department for Education and Community Services.
- 3.20.3 Whilst all proposals for capital expenditure will be considered on their individual merits, governing bodies should be aware that the Local Authority will not normally approve works which could lead to the creation of spare (surplus) places, or which are contrary to the School Organisation Plan. Similarly the Local Authority will not normally approve works which incur additional ongoing revenue costs, unless the governing body is able to demonstrate an ability to meet such additional costs from budget share. Consent may also be withheld on health and safety or efficiency grounds.
- 3.20.4 All capital expenditure financed from a school's Delegated Budget must be distinguished from Revenue Expenditure in order to comply with government regulations and therefore must be recorded as "Capital" in the LEA's accounts. Where a school wishes to use part of its delegated budget for capital purposes, such expenditure should be distinguished from Revenue when informing the LA of its budget allocations at the start of the financial year.

3.21 Grant Funding

- 3.21.1 Schools in receipt of grant funding, for example from European Union sources or Lottery Funding, should be fully aware of their financial obligations under the terms of any grant. In particular, governing bodies have the responsibility for project delivery in line with the grant application and conditions and for complying with any audit and document retention requirements. Advice should be sought from the Local Authority's Business Services & European Manager.

4.0 Instalments of Budget Share; Banking Arrangements

4.1 Code of Practice for Treasury Management

- 4.1.1 The Local Authority has adopted the CIPFA Code of Practice for Treasury Management which deals with the management of local authorities cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return consistent with those risks.

4.2 Frequency of Budget Share

- 4.2.1 Schools using the Council bank account will have their budget share made available from the start of the financial year.

4.3 Budget Payable to Schools Operating their own Bank Accounts

- 4.3.1 Schools which operate their own payroll system will receive their budget shares on a monthly basis. The monthly shares will be of equal amounts and paid on the 20th of each month. An amount equal to the estimated monthly non pay element will be paid on the 1st April and deducted from the final instalment.
- 4.3.2 Schools using the LA payroll system will receive their estimated non pay budget share at the rate of 40% for the Summer and Autumn terms and 20% for the Spring term. This will be adjusted during the financial year when the actual payroll costs are known.
- 4.3.3 Schools operating their own bank accounts requiring budget share payments on a more frequent basis must make a request to the LA prior to the start of the financial year in question.
- 4.3.4 The Local Authority is required to add interest to late payments of budget share instalments, where such late payment is the result of Authority error. The interest rate used will be the Bank of England base rate in force at the time of the late payment. The interest rate used for claw back calculations (if no claw back mechanism is in place), will be the average Bank of England base rate, for that financial year.
- 4.3.5 Each school opting to manage its own bank account will be charged an appropriate amount to reflect the loss of interest to the Local Authority based on the differences between the actual expenditure profile and the cash advances made to schools. Each school's September and January advances will be abated by the level of interest loss suffered by the Local Authority.

4.4 Bank and Building Society Accounts for Delegated Budget

- 4.4.1 Schools may choose to hold external bank accounts from a list of bona fide financial institutions approved and held by the Chief Finance Officer. Any school closing an account used to receive its budget share and opening another must notify the Chief Finance Officer and must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.
- 4.4.2 Schools may operate both current (cheque book) and interest bearing accounts with these approved Institutions. Only one approved current account may be used. However, interest bearing accounts may be held with more than one of the listed financial institutions, and any interest earned may be retained by the school.
- 4.4.3 All accounts opened may be in the joint name of the school and Ceredigion County Council which will facilitate consortia arrangements i.e.: 'School Name - Ceredigion County Council'.
- 4.4.4 (The Local Authority will not underwrite any account held in the joint name of a school and the Local Authority).
- 4.4.5 However, if a school has an account in the name of the school only, the Local Authority will require that the account mandate should recognise that:-
- the Local Authority is the owner of the funds in the account;
 - the Local Authority is entitled to receive statements; and
 - that the Local Authority can take control of the account if the school's right to a delegated budget is suspended by the Local Authority.
- 4.4.6 The Local Authority may make arrangements to negotiate with certain banks whereby the accounts are in the name of Ceredigion County Council but specific to each school, and offer such arrangements to schools. Budget share funds paid by the Local Authority and held in school accounts remain the property of the Local Authority until spent (s.49.5 SSAF Act).
- 4.4.7 The Local Authority will require all School bank accounts to have a minimum of 4 signatures. Two of those signatures will be employees of the Local Authority, and at least two will be school employees. All cheques drawn on the account should have the signature of at least two people. Governors who are not members of staff may not be signatories.
- 4.4.8 The Governing Body of each school will be responsible for ensuring that their bank accounts are managed properly and efficiently in line with the Local Authority's Financial Regulations Relating to Schools. Advice may be sought from the Chief Finance Officer.
- 4.4.9 Individual Governing Bodies will be responsible for specifying and administering the bank tendering process. Re-tendering with tenders received from at least three of the approved Financial Institutions should be undertaken periodically. Advice may be sought from the Chief Finance Officer.

- 4.4.10 The Director of Education and Community Services and the Chief Finance Officer will be advised in writing of all bank and building society accounts opened under this scheme.
- 4.4.11 Schools will not normally be able to register independently with HM Revenue and Customs. Therefore, all appropriate financial stationery used by the school must have reference to Ceredigion County Council and its registration numbers, see also section 6.2.
- 4.4.12 The school will make all necessary arrangements for retaining financial records and seek the advice of the Chief Financial Officer before disposing of any financial records. A record of all record retention and archiving should be kept, detailing what is kept and where, and making specific note of any grant funding used to fund expenditure.
- 4.4.13 Schools intending to open new bank accounts will only be allowed to do so with effect from the start of each financial year following the receipt of a written notice of intent signed by the Headteacher and Chair of Governors giving a minimum of four months' notice. When a school opens an external bank account, the Local Authority will, if the school desires, transfer immediately to the account an amount agreed by both school and Authority as the estimated cash balance held by the Local Authority in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant school year are closed.
- 4.4.14 Schools with deficit balances will not be allowed to open a new bank account for twelve months following the clearance of such deficits.
- 4.4.15 Governing bodies should ensure that current accounts do not have any overdraft facilities.
- 4.4.16 Schools should be aware of the exchange risk to which they could be exposed by purchasing goods and services within the European Community and requesting payment in the 'Euro' currency, as well as other currencies such as the Dollar.
- 4.4.17 Schools opting to have their own bank account(s) must make adequate administrative provisions to ensure proper security arrangements are in place and that adequate training is provided and attention paid to the balancing of the bank reconciliation.
- 4.4.18 For schools which choose to hold their own bank accounts, the school must inform the Local Authority as to which bank account it wishes its budget share to be credited.
- 4.4.19 Access must be provided to all documentation relating to the school's bank accounts when requested by the Council's Internal Audit Section.

4.5 Procedures that must be followed by schools running their own bank accounts

4.5.1 The procedures and controls that must be followed by schools by schools operating their own bank account are detailed in the Financial Regulations for Delegated Schools. Schools must also ensure that:-

- Bank reconciliations are performed on a monthly basis and submitted to the Local Authority Finance department.
- VAT returns are completed on a monthly basis and submitted to the Local Authority Finance department by the 7th of the month following.
- All transactions are accurately recorded, reported, authorised and monitored against plans and budgets.

4.5.2 Schools with their own Bank Accounts will wish to develop proper practices for the recording of income ensuring that a proper VAT receipt is issued if appropriate and the correct VAT rate charged. Any VAT receipts should then be paid over to the Local Authority. All records will need to be kept for six full financial years. The school must refer to the VAT Guide to ascertain the correct VAT rate. Such income should be banked promptly using the school's bank paying in book. All items should be individually identified and coded appropriately.

4.6 Budget Shares for Closing Schools

4.6.1 Where the discontinuation of a school has been agreed during a financial year, budget share for that year will be calculated on a monthly basis. Where pupils are transferred to new schools during the financial year then the pro-rata share of the pupil value together with the related supplements will be deducted from the total budget share of the continuing school.

4.7 School Petty Cash Imprest Accounts

4.7.1 Schools which do not wish to open their own bank account may open a small imprest account. The purpose of this account would be to allow schools to physically hold some petty cash at the school for the purchase of small items of expenditure.

4.8 Borrowing by Schools

4.8.1 Governing bodies may borrow money from external bodies only with the written permission of the Welsh Government. This includes short-term overdrafts on bank current accounts.

4.8.2 Schools should not enter into financial instruments such as Leases, Contract Hire, etc without the written permission of the Local Authority's Chief Financial Officer.

5.0 The Treatment of Surpluses and Deficit Balances Arising in Relation to Budget Shares

5.1 The Right to Carry Forward Surplus Balances

- 5.1.1 Schools may carry forward any shortfall in expenditure relative to the school's budget share for the next year plus/minus any balance brought forward from the previous year from one financial year to the next. A school's balance on 1 April will be equal to that held on 31 March each year.
- 5.1.2 As from 1 April 2011 the Local Authority MAY direct the governing body as to how to spend a surplus in the school balance for a funding period if:
- a) a primary school has a surplus of over £50,000; or
 - b) a secondary or special school has a surplus of over £100,000.
- 5.1.3 The Local Authority MAY, if the Governing body do not comply with such a direction, require the governing body to pay all or part of that surplus to the Local Authority to be applied as part of their schools budget for the funding period in question.
- 5.1.4 In the event of a school wishing to open a bank account to receive budget share, the Local Authority would transfer a nominal amount to be agreed by the Chair of Governors and Headteacher with the Local Authority subject to final reconciliation of the school's balance available for transfer.

5.2 Reporting on the Intended Use of Surplus Balances

- 5.2.1 Schools are required to report to the Local Authority on the use which the school intends to make of surplus balances in cases where the total balance exceeds 5% of budget share or £10,000 whichever is the greater. However, governing bodies should be aware that, as part of the school development planning process, it is appropriate to indicate the use for which all surplus balances are intended, particularly with regard to school improvement. The Local Authority applies a monitoring regime to all balances in excess of 5% and written guidance on the management of balances and deficits is made available to schools by the Local Authority.

5.3 Interest on Surplus Balances

- 5.3.1 Schools may invest surplus balances with the Local Authority. Interest will be calculated at Bank Base Rate less 2% (to a minimum of zero) on the average credit balance during the financial year and will be paid gross at 31st March. This is calculated as the average of the opening and closing balance.

5.4 Obligation to Carry Forward Deficit Balances

5.4.1 Should a school's financial year end balance be in deficit, then that deficit will be carried forward and deducted from the following year's budget share. A school's deficit balance on 1 April will equal the deficit balance on 31 March each year. Schools with deficit balances will need to agree a course of action with the Chief Finance Officer and the Director of Education and Community Services to repay the deficit.

5.5 Deficit Balances

5.5.1 Schools are prohibited from planning for a deficit when preparing their budget plans.

5.5.2 A deficit budget plan is defined as follows:-

- A budget plan where the total revenue expenditure for the financial year is higher than the total of:-
 - the budget allocation received from Council for the financial year,
 - plus any other income that the school will receive during the financial year,
 - plus any surplus balance brought forward,
 - less any deficit balance brought forward.

5.5.3 Schools may plan for a short term deficit budget with the approval of the Director of Education and Community Services.

5.5.4 This means that schools may apply to the LA for permission either:-

- to anticipate part of their future years budget allocations, to enable them to carry out works or make large purchases which otherwise could not be made from annual budget shares; or
- to manage a significant change in funding resulting from pupil number movements.

5.5.5 The Scheme can be used to agree proposed deficit budgets of between £5,000 and £50,000, subject to a maximum of 10% of the school's annual budget allocation. The projects to be funded should make a demonstrable contribution to the achievement of the school's development plan.

5.5.6 Schools are required to notify the Chief Finance Officer and the Director of Education and Community Services immediately if it becomes apparent that a deficit will be incurred during the financial year so that appropriate action can be taken. Schools will also wish to note paragraph 2.4.8 and supplementary guidance on the rules for the suspension of delegation.

Anticipating part of the future years' budget allocations:-

5.5.7 Schools will be required to pay the deficit back out of their future years' budget shares. Agreed repayments will be a "first-call" on a school's budget allocation at the beginning of each financial year. Before a planned deficit is approved, the school will need to be able to demonstrate that the project cannot reasonably be

funded from their existing resources and that they will be able to make the repayments over the agreed timescale.

- (i) The arrangement will be funded by the collective surplus of school balances held by the Local Authority on behalf of schools: whilst the Local Authority may legally take into account the balances held by a school in an external bank account (as school balances are legally the property of the Local Authority if made available by the Local Authority initially), it would wish to seek the views of such schools before acting in this way.
- (ii) The maximum period of time over which a school would be expected to repay the deficit (i.e. to reach at least a zero balance) should not be more than five years and then only with the express approval of the Director of Finance and the Director of the Department of Education and Community Services.
- (iii) A clear and agreed purpose and plan for the deficit arrangement; to be reviewed at termly intervals;
- (iv) The total deficit school balances will never be more than 40% of the total surplus school balances.
- (v) Schools holding balances in their own bank accounts may be invited to participate.
- (vi) Detailed terms and conditions will be agreed between the governors, headteacher, Director of Education and Community Services and Chief Finance Officer.
- (vii) Schools will need to be aware that interest will be charged on licensed deficits.
- (viii) In the event of the maximum period of time in which a deficit must be repaid being exceeded, the Local Authority may consider suspension of a governing body's right to a delegated budget in accordance with s.51 (Sch.15) SSAF Act.
- (ix) In seeking a licensed deficit, schools will be expected to demonstrate that the arrangement supports the raising of educational standards.

Charging of Interest on Deficit Balances

5.5.8 Schools with deficit balances shall be charged interest on the following basis:

- Deficit Balance - Interest Rate
- £0 - £1,000 - Bank Rate
- £1,000 - £10,000 - Bank Rate plus 1%
- Over £10,000 - Bank Rate plus 2%
- The amount calculated will be charged to the school account in the September of each year.

Writing Off Deficits

5.5.9 The Local Authority will not normally write off any school deficit.

5.6 Loan Schemes

- 5.6.1 The Local Authority may offer schools loan arrangements under similar terms and conditions as in para 5.5.7 above. In order to finance an arrangement on this basis, the amount of the loan would need to be agreed and shown in the Local Authority's local schools budget under s.46 SSAF Act.

5.7 Balances of Closing and Replacement Schools

- 5.7.1 Regulations made under s.47 of the SSAF Act, make provision for allocations to schools which have the effect of giving them the benefit of additional sums which are equal to or less than the balances of relevant closing schools. The regulations also provide for the abatement of extra funding for new schools to effectively recognise the deficit of a preceding school. They do not allow a sum equal to the deficit to be set against any "normal" funding of the new school – that is the elements of funding it would receive anyway if it were not new.
- 5.7.2 Any reserves of a school which closes or amalgamates with another school will normally be available to the new amalgamated school. Any deficit balances cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. Further details are included in the "Closure of Schools – Disposal of Assets Policy".

5.8 Credit Union Approach

- 5.8.1 If licensed deficits or loan schemes are not available (through the Local Authority), schools may wish to group together to utilise externally held balances for a credit union approach to loans. The express approval of the Chief Finance Officer will be required and the appropriate legal and audit advice and certification ascertained.

6.0 Income

Note: Unless PFI states to the contrary, these rules may also apply to PFI Schools.

6.1 General Income

- 6.1.1 All income received by the school must be paid into the LA's bank account or a school bank account set up to manage delegated funds. The LA will prescribe any exceptions.
- 6.1.2 All income received at a school should be receipted.
- 6.1.3 In order to keep the amount of cash kept at a school to a minimum and to ensure that cheques are not returned from the bank as 'refer to drawer – insufficient funds' the income collected should be deposited at the Council's Cash Office on a regular basis, using the Council's Collection & Deposit book.
- 6.1.4 All cheques received at a school in respect of Council income should be made payable to 'Cyngor Sir Ceredigion' and NOT the school. On NO ACCOUNT should Council income be paid into a private / voluntary fund initially and later transferred to the Council account – school funds and Council funds should not be mixed. Where payment is expected by BACS transfer the payer should be given the Council's bank account details and also be instructed to post the remittance advice to the Council's Income Section.

6.2 Income from Lettings

- 6.2.1 Schools may retain income from lettings of the school premises. Governing bodies will need to determine their own lettings policies, taking account of the Council's policies on lettings and fees and charges. This policy should be reviewed annually.
- 6.2.2 Income arising from letting school premises should be recognised as school income. It should not be payable into voluntary or private funds held by a school.

6.3 Income from Fees and Charges

- 6.3.1 Schools may retain income from fees and charges except where a service has been or is provided by the Local Authority from centrally retained funds.
- 6.3.2 Schools are required to pay due regard to the Local Authority's policy with regard to charges and remissions. Governing bodies will need to determine their own charging and remissions policies which may be more or less generous than the policy of the Local Authority provided that they meet the requirements of the law.
- 6.3.3 Fees and charges includes the collection of peripatetic fees.
- 6.3.4 Income arising from fees and charges should be recognised as school income. It should not be payable into voluntary or private funds held by a school.

6.4 Income from the Sale of Assets

- 6.4.1 Schools may retain the proceeds on the sale of assets purchased from the school's budget share but the proceeds may only be kept for the purposes of the schools. In cases where the asset was purchased with non-delegated funds the LA will decide who should retain the proceeds.
- 6.4.2 Proceeds from the sale of land or buildings forming part of the school premises and owned by the LA will accrue to the LEA.

6.5 Administrative Procedures for the Collection of Income

- 6.5.1 Schools must comply with the procedures laid down in the financial regulations for delegated schools for the collection of income as outlined in the Local Authority's financial regulations for delegated schools.
- Bank reconciliations are performed on a monthly basis and submitted to the Local Authority Finance department.
 - VAT returns are completed on a monthly basis and submitted to the Local Authority Finance department by the 7th of the month following.
 - All transactions are accurately recorded, reported, authorised and monitored against plans and budgets.
- 6.5.2 Schools with their own Bank Accounts will wish to develop proper practices for the recording of income ensuring that a proper VAT receipt is issued if appropriate and the correct VAT rate charged. Any VAT receipts should then be paid over to the Local Authority. All records will need to be kept for six full financial years. The school must refer to the VAT Guide to ascertain the correct VAT rate. Such income should be banked promptly using the school's bank paying in book. All items should be individually identified and coded appropriately.

6.6 Income from Fund-raising Activities

- 6.6.1 School private / voluntary funds are usually operated and utilised for the benefit of the pupils or the school. Income from fund-raising activities and school trips usually fall into this category.
- 6.6.2 The School should produce system and procedural notes for the control, management, and operation of the private / voluntary fund, as outlined in the Financial Regulations for Delegated Schools, to include the collection and banking of income. A copy of these should be given to each member of staff that is given responsibility for managing a private fund.

7.0 The Charging of School Budget Shares

7.1 General Provision

- 7.1.1 The budget share of a school shall be charged by the Local Authority without the consent of the governing body only in circumstances contained within this scheme excepting where errors have arisen in the calculation of a school's budget share as a result of the use of estimates or otherwise. Where a situation arises and the LEA's intention is to charge the school budget share, the LA will consult schools as to the intention so to charge and will notify schools when this exercise has been completed.
- 7.1.2 In the case of a dispute arising from a charge being made to a school's budget share, the dispute will be heard in the first instance by the Chief Finance Officer. In the event of his/her adjudication not being accepted by the governing body an appeal may be made to an independent arbitration panel, established for such a purpose.
- 7.1.3 In the event of a charge being made to a school's budget share, the Local Authority will charge salaries of school-based staff at actual cost.

7.2 Circumstances in which Charges shall be made

- 7.2.1 A school's budget share shall be charged by the Chief Finance Officer in consultation with the Director of Education and Community Services and the necessary Service Heads in any of the circumstances described below:
- Where retirement costs (premature or otherwise) have been incurred without the prior written agreement of the Local Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Local Authority).
 - Other expenditure incurred to secure resignations or in making employees redundant where the school has not followed Authority advice or acted contrary to employment protocol.
 - Awards by courts and employment tribunals against the Local Authority or out of court settlements arising from action or inaction by the governing body contrary to the Local Authority's advice.
 - Expenditure by the Local Authority carrying out health and safety work or other risk management precautions or capital expenditure for which the Local Authority 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.
 - Expenditure by the Local Authority incurred in making good defects in building work funded by spending from budget shares, where the premises are owned by the Local Authority or the school has voluntary controlled status.
 - Expenditure incurred by the Local Authority in insuring its own interests in a school where funding has been delegated for insurance purposes, but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Local Authority.
 - 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 Local Authority.

- Recovery of penalties imposed on the Local Authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions or regulatory authorities as a result of school negligence.
- Corrections of Authority errors in calculating charges to a budget share (e.g. pension deductions).
- Additional transport costs incurred by the Local Authority arising from decisions by the governing body on the length of the school day. Failure to notify the Local Authority of non-pupil days, resulting in unnecessary transport costs, unauthorised closures or part-closures resulting in unnecessary transport costs.
- Legal (and other similar) costs which are incurred by the Local Authority because the governing body did not accept the advice of the Local Authority (see also para 11.2).
- Costs of necessary health and safety training for staff employed by the Local Authority where funding for training has been delegated but the necessary training has not been carried out.
- Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers and the contract is of no effect.
- Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Local Authority's compliance with its statutory obligations.
- Costs incurred by the Local Authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- Costs incurred by the Local Authority due to the submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes.
- Costs incurred by the Local Authority as a result of the governing body being in breach of the terms of a contract.
- Interest compensation paid to suppliers in accordance with the late Payment of Commercial Debt (Interest) Act 1998 for the late payment of invoices where the late payment resulted from the school not processing the invoice promptly.
- Where the Local Authority loses any grant income (e.g. BSF) due to schools not providing the necessary information or not complying with any grant conditions then the school will bear the cost of that loss.
- Schools will be liable for any currency exchange losses the Local Authority incurs as a result of their actions.
- Reasonable costs incurred by the Local Authority if intervention is exercised in accordance with s. 14 and s. 17 of the SSAF Act.

7.2.2 For each of the circumstances described above the Local Authority must be able to demonstrate that it has necessarily incurred the expenditure now charged to the budget share.

8.0 Taxation

8.1 Value Added Tax

- 8.1.1 Schools will receive separate VAT guidance as and when required which will give detailed advice on VAT issues, including lettings, fees and charges, fund raising and the sale of assets and VAT incurred on items of expenditure.
- 8.1.2 Schools must ensure that they obtain an account from the supplier in a prescribed form which must include the supplier's VAT Registration Number where appropriate in order to comply with VAT Regulations. This will allow the Local Authority to reclaim VAT on individual receipts, invoices. Failure to do this may result in school being charged with the gross value of the account i.e. including VAT.
- 8.1.3 Generally HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the Local Authority is reclaimable by the Local Authority. This does not include expenditure by the governors of a VA school when carrying out their statutory responsibility to maintain the external fabric of the buildings.
- 8.1.4 Schools should be aware of the possible need to register with HM Revenue and Customs where they undertake significant trading activities through either charitable or voluntary organisations linked to the school.
- 8.1.5 Schools which choose to maintain their own bank accounts will pay their suppliers gross of VAT and charge VAT on all VATABLE income they receive. Schools will need to account for VAT paid and received on a monthly basis from the Local Authority, on the pro forma returns that will be provided. There are strict rules governing the recovery of VAT. Schools must adhere to the Local Authority's timetable (a return should be received by the seventh day of the following month) for the submission of monthly returns, which may vary from time to time due to legislative changes; otherwise schools will be liable for any penalty the Local Authority incurs for non compliance. Schools will receive the VAT reclaimed on their behalf.

8.2 Construction Industry Taxation Scheme (CIS)

- 8.2.1 The Local Authority operates this scheme whereby all payments to Contractors, for qualifying work, are subject to the CIS scheme. This applies to both work procured through the Authority (Capital Projects and repair works) as well as work procured directly by schools.
- 8.2.2 This applies to all schools to which this scheme relates including those where a local bank account is operated. Where construction work is funded by the Local Authority, schools are required to abide by the Local Authority guidance.

9.0 The Provision of Services and Facilities by the Local Authority

9.1 Provision of Services from Centrally Retained Budgets

9.1.1 The Local Authority shall determine on what basis services from centrally retained funds, including premature retirement costs and redundancy payments, will be provided to schools. The Local Authority would not wish to discriminate in its provision of services on the basis of categories of schools except where:-

- funding has been delegated to some schools only, or
- such discrimination is justified by differences in statutory duties.

9.2 Provision of Services Bought Back from the Local Authority Using Delegated Budgets

9.2.1 The term of any arrangement to buy services or facilities from the Local Authority is limited to a maximum of five years from the date of the agreement. There is no prescribed minimum period but the Local Authority will look to ensure best value in determining the duration of agreements to provide services.

9.2.2 When a service is provided for which expenditure cannot be retained centrally by the Local Authority, it must 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 must be met by the total income, even if schools are charged differentially.

9.3 Packaging

9.3.1 Schools are not under any obligation to purchase services or facilities from the Local Authority and the Local Authority will seek not to package services in a way which might unreasonably restrict schools' freedom of choice of the services. Where practicable, provision will be offered on a service by service basis. The Local Authority does, however, reserve the right to package certain services or facilities together in order to be able to offer them at discounted rates to schools or to meet best value.

9.4 Service Level Agreements

9.4.1 The Local Authority will consult with schools as to those services or facilities which schools would wish to see provided by the Local Authority under service level agreements. It reserves the right, however, not to offer services where there is insufficient demand from schools or where the service is uneconomical or does not meet other best value requirements.

9.4.2 Some services and facilities offered by the Local Authority through service level agreements are available to schools on an ad hoc basis (that is, for periods or at intervals of less than the duration of the agreement) but the Local Authority reserves the right to charge for such ad hoc services at a different rate from services provided under a service level agreement.

10.0 Private Finance Initiative

- 10.1.1 The PFI is one of the main mechanisms through which the public sector can provide services in partnership with the private sector.
- 10.1.2 Typically, a Local Authority will purchase a capital intensive service from a private sector provider over the period of a long-term contract. The service will often consist of the provision and maintenance, to a specified standard, of a facility within which an Authority's own staff deliver a core service, for example a school. The Local Authority pays for the service as and when it is received in amounts set in the contract. Payments will vary depending on the private sector's performance and/or the usage of the service. The contractor takes responsibility for investing in the capital assets required, financing that investment and then managing the facilities to provide the specified level of service to the Local Authority. The private sector takes the business risk entailed in committing to supply the service for the contracted level of payments.
- 10.1.3 Where a school PFI project is likely to be developed, then an appropriate Memorandum / Agreement must be reached with the Headteacher / Governors of the School before the PFI contract is signed. The Memorandum / Agreement will set out those service elements and costs of the Fair Funding delegated budget which will be transferred back to the Council to offset service charges under the PFI e.g. catering, cleaning, maintenance, utilities costs, together with an element for equipment renewal and costs relating to staff transferable under TUPE regulations.

11.0 Insurance and Risk Management

11.1 Insurance Cover

- 11.1.1 Funding for most insurances is retained centrally by the Local Authority in order to ensure value for money. In the event that funds are delegated to schools with respect to insurances, schools will be required to demonstrate that the cover relevant to the Local Authority's insurable interests were at least as good as the relevant minimum cover arranged by the Local Authority under any arrangements entered into by the governing body. The Local Authority must have regard to the actual risks which might be expected to arise at the school in question in operating this requirement.
- 11.1.2 Supplementary guidance is available to schools and includes a summary of the insurances which the Local Authority currently holds and additional insurances which schools may obtain through the Local Authority if they so wish.

11.2 Schools wishing to Obtain Additional Cover

- 11.2.1 There are certain risks which are not covered on an Authority-wide basis. Where an individual school wishes to insure against a risk not covered by the Local Authority it may arrange the appropriate cover required and finance the premiums from its delegated budget.

11.3 Liability of Governors

- 11.3.1 Legislation imposes upon governors certain statutory responsibilities which they are expected to discharge. However, because the governing body of a school is a corporate body and because of the terms of s.50(7) of the SSAF Act, governors of maintained schools do not incur personal liability in the exercise of their power to spend the delegated budget share, provided they act in good faith.
- 11.3.2 The Local Authority provides certain insurance cover in respect of school governors.
- 11.3.3 Insurance cover provided by the Local Authority and the provisions in legislation relating to actions 'in good faith' do not rule out all possibilities of personal liabilities. Governors may be held personally responsible in the case of:
- corrupt or deliberately irregular behaviour;
 - gross or deliberate carelessness; for example, in respect of Health and Safety matters;
 - any deliberate or intentional criminal act committed giving rise to a corporate manslaughter or corporate homicide charge;
 - fines or penalties of any kind;
 - the defence of any criminal proceedings brought or in an appeal against conviction arising from such proceedings in respect of a breach of :-
 - the Health and Safety at Work etc Act 1974 or any regulations made thereunder; and
 - the Consumer Protection Act 1987 or any regulations made thereunder.

12.0 Miscellaneous

12.1 Right of Access to Information

- 12.1.1 Governing bodies will be required to supply all financial and other information which might reasonably be required to enable the Local Authority to satisfy itself as to the school's management of its delegated budget share. This requirement does not extend to copies of internal reports to the governing body on financial matters.
- 12.1.2 As part of the audit of the Local Authority's accounts, any interested person may inspect the accounts (between specifically advertised dates) to be audited and all books, deeds, contracts, bills, vouchers, and receipts relating to them and make copies of all or any part of the accounts and those other documents (Public Audit (Wales) Act 2004). Schools may make a reasonable charge for this service in order to cover costs. This includes any documents held by schools.
- 12.1.3 Schools need to be aware that the Local Authority will require schools to provide copies of any documents held by them in a timely manner if requested to do so. The Local Authority will give prior notification of such requests unless this is impractical. Additional requests for information are now being received under the Freedom of Information Act 2000, which have return deadlines and for which schools will be asked to provide information held by them.

12.2 Governors' Expenses

- 12.2.1 Governing bodies should determine their own policy relating to allowances for expenses. If a governing body's policy is that governors may claim expenses, all payments must be made in accordance with an allowance scheme made by the governing body. Governors cannot be paid attendance allowances or for any loss of earnings. A governor is not compelled to claim the expenses to which he/she is entitled.
- 12.2.2 Where a Ceredigion County Council member attends a Governing Body meeting and is discharging duties in his/her capacity as a Governor, travelling and subsistence may be claimed but not attendance allowance. The expense is to be paid from the school's budget share.
- 12.2.3 All expenses relating to Governors' attendance at meetings will form a charge against the individual school's delegated budget. This spending must be shown in the governors' annual report to parents.
- 12.2.4 Schools may not duplicate payments paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.
- 12.2.5 The Local Authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

12.3 Responsibility for Legal Costs

- 12.3.1 Where school governors act in good faith in the exercise or purported exercise of their duties, paying due regard to their statutory responsibilities and to the advice and policy framework of the Local Authority, they shall not normally be required to meet the costs of legal actions, including costs awarded against the Local Authority. In following the advice, guidance and procedures of the Local Authority, any legal costs to the governing body arising, for example, from industrial tribunals, will be met by the Local Authority.
- 12.3.2 Where a Governing Body does not act in accordance with the advice of the Local Authority, and incurs legal costs as a result, the legal costs will be charged against the school's budget share (unless related to the statutory responsibility of aided school governors for buildings).
- 12.3.3 In any case where there is a conflict of interest between the Local Authority and a governing body, governors may seek independent advice, any costs of which may be deducted from the school's budget share.

12.4 Health and Safety

- 12.4.1 The Local Authority acknowledges its responsibilities as laid out in the Corporate Health and Safety Policy to maintain safe working conditions for its employees, pupils, visitors and others on its premises and is committed to the achievement of high standards in this respect. In implementing the Policy, the Local Authority will work closely with the Local Authority Risk Management Service.
- 12.4.2 Statutory obligations relating to health and safety in educational establishments are shared between the Local Authority, the governing body and school-based employees. The Local Authority retains primary responsibility as the employer whereas the governing body is responsible for managing health and safety on a day-to-day basis as part of its delegated responsibility for activities, premises, plant, equipment and substances under its control. The responsibilities of the premises managers, including school premises managers are set out in the Local Authority Document, "*Health and Safety - Good Practice in Premises Management*".
- 12.4.3 In expending the school's budget share, governing bodies must have due regard to the duties placed upon the Local Authority in relation to health and safety and must comply fully with all relevant statutory Health and Safety requirements and the Local Authority's Health and Safety Policies. Supplementary guidance is available in this respect.

12.5 Right of Attendance of Chief Finance Officer

- 12.5.1 Governing bodies are required to allow the Chief Finance Officer of the Local Authority or any officer of the Local Authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his/her responsibility and to notify the Chief Finance Officer of the agenda item(s) in advance.

12.6 Delegation to New Schools

- 12.6.1 Where a new school is being established the Local Authority may allocate to the temporary governing body, any approved costs required to carry out its statutory functions prior to the opening of the school. This would include the salary of the Headteacher who, in instances other than amalgamation, may be required, to take up the post for a period prior to the opening, the cost of staff appointments and costs related to resource items.
- 12.6.2 Resources will be allocated for the first financial year using the funding formula. The funds allocated will be based on an Authority forecast of pupil numbers projected for the date of opening and according to any agreed requirements. This will not be subject to adjustment in the event of the actual number of pupils being different. Arrangements will be made for the recoupment of resources from the existing budget of relevant schools which may be affected by the opening of a new school.

12.7 Option to Receive an Item of Delegated Funding

- 12.7.1 Where a school exercises an option to receive delegated funding for an item, that option may only be exercised once a year, at a date prior to the financial year in question and to be stipulated by the Local Authority.

12.8 Additional Learning Needs

- 12.8.1 Schools are required to secure effective provision for pupils with additional learning needs and, in doing so, they should consider making arrangements on the basis of all delegated resources and not only those specifically delegated under Statemented, School Action Plus or School Action provisions.
- 12.8.2 Schools have a statutory duty to identify and provide for the additional learning needs of their pupils and may utilise their budget share in order to meet such needs. Should a school substantially and persistently breach its responsibilities in this context, the Local Authority may instigate proceedings to suspend delegated status.

12.9 Whistleblowing

- 12.9.1 The Local Authority is required to have in place procedures to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school and to provide information as to how such complaints will be dealt with. Any concerns or complaints raised by Local Authority employees should follow the procedures detailed in Ceredigion County Council's 'Whistleblowing Policy'. Any complaints raised by members of the public should follow the procedures detailed in the Local Authority 'Complaints Procedure Booklet'

12.10 Child Protection

- 12.10.1 Schools will be required from time to time to release staff to attend child protection case conferences and related events. Funding to meet such costs is within delegated budgets.

- 12.10.2 All employees employed by the school should be subject to an enhanced CRB check, which will be funded by the school and all employees must provide 2 references before appointment.

12.11 School Meals

- 12.11.1 In discharging their duties in relation to delegated funding for school meals, governing bodies are required to have regard to any policies which the Local Authority might have in place in relation to school meals.

13.0 Responsibility for Repairs and Maintenance

13.1.1 All funding for repair and maintenance was delegated to schools with effect from 1 April 2000, except for funding in respect of capital expenditure which is retained centrally. The Local Authority may only treat expenditure as capital for the following reasons:

- A) The expenditure meets the definition of capital in accordance with proper accounting practice under the CIPFA Code of Practice on Local Authority accounting. This covers 2 main areas:-
- The acquisition or creation of a new fixed asset.
 - The enhancement of an existing fixed asset, where 'enhancement' means the carrying out of works which are intended to:
 - Lengthen **substantially** the useful life of the asset, or
 - Increase **substantially** the market value of the asset, or
 - Increase **substantially** the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the local authority concerned.
- B) The expenditure meets the definition of capital under a Capitalisation direction issued by the Welsh Government.
- C) The expenditure is defined by specific regulation made under the Local Government Act 2003 (as amended).

13.1.2 Where guidance is needed on the classification of expenditure then advice should be sought from the Council's Corporate Accountancy team. The Council's decision on the classification of expenditure as either revenue or capital in accordance with paragraphs 13.1 shall be final.

13.1.3 Annex 4.2 details the categories of work for which:-

- Governing Bodies; and
- The LA will be responsible.

13.2 Voluntary Aided Schools

13.2.1 Voluntary Aided governing bodies will continue to be eligible for grants from the Welsh Government in respect of their statutory responsibilities for buildings and premises. In addition, they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation Schools.

13.3 Kitchens

13.3.1 Delegation to schools of all funding for the repair and maintenance of kitchens and kitchen equipment took effect on 1 April 2000.

Annex 1

Community Primary Schools:

- Ysgol Gynradd Gymunedol Aberaeron
- Ysgol Gynradd Gymunedol Cilcennin
- Ysgol Gynradd Gymunedol Ciliau Parc
- Ysgol Gynradd Gymunedol Dihewyd
- Ysgol Gynradd Gymunedol Felinfach
- Ysgol Gynradd Gymunedol Llanarth
- Ysgol Gynradd Gymunedol Llannon
- Ysgol Gynradd Gymunedol Cei Newydd
- Ysgol Gynradd Gymunedol Talgarreg
- Ysgol Gynradd Gymunedol Gymraeg
- Ysgol Gynradd Gymunedol Comins Coch
- Ysgol Gynradd Gymunedol Cwmpadarn
- Ysgol Gynradd Gymunedol Llanafan
- Ysgol Gynradd Gymunedol Llangynfelyn
- Ysgol Gynradd Gymunedol Llanfarian
- Ysgol Gynradd Gymunedol Llanfihangel-y-Creuddyn
- Ysgol Gynradd Gymunedol Llangwryfon
- Ysgol Gynradd Gymunedol Llanilar
- Ysgol Gynradd Gymunedol Mynach
- Ysgol Gynradd Gymunedol Penllwyn
- Ysgol Gynradd Gymunedol Llwynreos
- Ysgol Gynradd Gymunedol Syr John Rhys
- Ysgol Gynradd Gymunedol Rhydypennau
- Ysgol Gynradd Gymunedol Talybont
- Ysgol Gynradd Gymunedol Aberporth
- Ysgol Gynradd Gymunedol Beulah
- Ysgol Gynradd Gymunedol Llechryd
- Ysgol Gynradd Gymunedol Penparc
- Ysgol Gynradd Gymunedol Cwrtnewydd
- Ysgol Gynradd Gymunedol Ffynnonbedr
- Ysgol Gynradd Gymunedol Llanwnnen
- Ysgol Gynradd Gymunedol Coedybryn
- Ysgol Gynradd Gymunedol Glynarthen
- Ysgol Gynradd Gymunedol Llandysul
- Ysgol Gynradd Gymunedol Pontgarreg
- Ysgol Gynradd Gymunedol Pontsian
- Ysgol Gynradd Gymunedol Rhydlewis
- Ysgol Gynradd Gymunedol Trewen
- Ysgol Gynradd Gymunedol Llanddewi Brefi
- Ysgol Gynradd Gymunedol Llangeitho
- Ysgol Gynradd Gymunedol Penuwch
- Ysgol Gynradd Gymunedol Pontrhydfendigaid
- Ysgol Gynradd Gymunedol Tregaron
- Ysgol Gynradd Gymunedol Blaenporth

- Ysgol Gynradd Gymunedol Plascrug
- Ysgol Gynradd Gymunedol Craig yr Wylfa
- Ysgol Gynradd Gymunedol Penrhyncoch
- Ysgol Gynradd Gymunedol Aberbanc
- Ysgol Gynradd Gymunedol Y Dderi
- Ysgol Gynradd Gymunedol Cenarth
- Ysgol Gynradd Gymunedol Aberteifi
- Ysgol Gynradd Gymunedol Bro Sion Cwilt
- Ysgol Gynradd Gymunedol Rhos-y-Wlad
- Ysgol Gynradd Gymunedol T Llew Jones

Voluntary Controlled Primary Schools:

- Ysgol Wirfoddol Myfenydd
- Ysgol Wirfoddol Trefilan

Voluntary Aided Primary Schools:

- Ysgol Gynradd Padarn Sant
- Ysgol Gynradd Llanwenog

Secondary Schools:

- Ysgol Gyfun Llanbedr Pont Steffan
- Ysgol Gyfun Aberaeron
- Ysgol Uwchradd Aberteifi
- Ysgol Uwchradd Tregaron
- Penglais School
- Ysgol Gyfun Penweddig
- Ysgol Gyfun Dyffryn Teifi

Annex 2

Suspension of Financial Delegation

In exercising their delegated powers for the financial management of schools, governors will be subject to the conditions and requirements set out in this scheme and any other financial regulations issued by the Local Authority:

Withdrawal of Delegation

Financial delegation, once granted, will not be withdrawn unless a governing body:

- (i) shows a substantial or persistent failure to comply with any of the requirements of the scheme ;
- (ii) fails to manage its budget in a reasonable and satisfactory manner.
- (iii) the Local Authority is satisfied in accordance with s.14-17 of the SSAF Act that the safety of pupils or staff is threatened or the school is seriously underperforming as a result of a failure in the management or governance of the school.

Notice of Suspension

(i) Where the Local Authority proposes to suspend the governing body's right to a delegated budget it will give the governing body of the school concerned at least one months notice of the suspension, unless by reason of any gross incompetence or mismanagement on the part of the governing body or any other emergency it appears to the Local Authority to be necessary:

- (a) to give the governing body a shorter period of notice, or
- (b) to give the governing body a notice of suspending their right to such a budget with immediate effect.
- (ii) A notice will specify the grounds for the suspension, giving particulars:
 - (a) of any failure on the part of the governing body to comply with any delegation requirement or restriction;
 - (b) of any alleged mismanagement on their part and
 - (c) if applicable, of basis upon which a period of notice of less than one month was given under sub-paragraph (i)
- (iii) The notice will also inform the governing body of its right to appeal against the suspension under paragraph (ii) and of the time within which such an appeal may be brought.
- (iv) A copy of the notice will be given to the head teacher of the school at the same time as the notice is given to the governing body.
- (v) The Local Authority will send a copy of the notice to the Welsh Government

(vi) Any notice given will be in writing.

(vii) The governing body will have the right of appeal to the Welsh Government against any decision to withdraw financial delegation.

In a case where delegation has been withdrawn, the Local Authority will continue to fund the school at the level of its budget share.

Where delegation has been withdrawn, the Local Authority will review the situation annually and consider any representations made by the headteacher or governors of the school. Corrective action will be taken to enable delegation to be restored as soon as possible.

Where the Local Authority decides not to restore delegation after an annual review, the governors concerned will have the right of appeal to the Welsh Government.

Annex 3 - Best Value for Schools - General Principles

Introduction

Best Value for Schools may be described as a duty to deliver services to clear standards by the most effective, economic and efficient means available. Whilst the government does not propose at the present time to extend the statutory duty of best value to school governors, its general principles should apply in view of the very substantial level of Council expenditure that flows through school budgets and in order to ensure that a school's budget share is spent in the best interests of the children it serves.

National attainment targets have been set for education, and schools and the Local Authority work in partnership (within the context of Ceredigion's Education Strategic Plans and performance indicators) to agree ambitious schools and county targets which will secure continuous improvement and raise educational standards across the county.

General Principles

The government White Paper, 'Building Excellent Schools Together' (BEST), reaffirmed that schools are responsible for their own standards and for continuously and actively improving their performance. In preparing school development plans, planning budgets and setting targets, school governors should give regard to the general principles of best value outlined below:

Best Value is a whole school process in which every stakeholder has a part to play.

Achieving Best Value is not just about economy and efficiency but also about school effectiveness and the quality of provision.

Budget planning and development planning should be clearly linked to ensure that expenditure is focused on school improvement.

Schools should incorporate self-review and self-evaluation as an integral part of their ongoing drive for improvement.

Schools should use a wide range of indicators, establishing in the process benchmark levels of performance and performance standards, to measure their own performance, draw comparisons with the performance of others and to set new targets.

Schools should look to establish simple mechanisms for:

- measuring value for money;
- demonstrating quality of provision;
- handling complaints;
- measuring levels of satisfaction with the services provided;
- identifying and responding to the needs of stakeholders.

There is no general requirement for schools to put their services out to tender except where this is explicitly stated but there is also no reason why schools should only purchase services directly from the Local Authority if more efficient and cost-effective means are available.

Schools should make clear to all their stakeholders, particularly parents and pupils, the standards of provision they can expect.

Schools should develop a variety of ways in which they consult stakeholders and measure their satisfaction with the work of the school and its priorities.

Schools should have a clear complaints procedure in place, which includes a panel of governors in the complaints process (SSAF Act).

Annex 4 – Responsibilities for Repairs and Maintenance

Annex 4.1

Property Management

Responsibilities of Governing Bodies

Governors are responsible:-

- (a) for all those works which are specified in annex 4.2 as being the responsibility of the Governors;
- (b) for liaising with the Local Authority over the planning of any programmed maintenance work to ensure abortive work does not occur;
- (c) for complying with their obligations under Health and Safety legislation and the Local Authority's Electrical Safety Policy. (Documents which will be made available to Governors);
- (d) for not using the building in a manner which is prejudicial, by default, omission or otherwise, nor which will adversely affect the insurance cover of the building; nor will it impose additional obligations upon the Local Authority in its capacity as owner;
- (e) for providing the Local Authority with copies of all applications, notices, consents, approvals or licences that relate to the building made or received by the Governors; and
- (f) for responding promptly to any requirement for emergency work.

Responsibilities of the Local Authority

The Local Authority is liable:-

- (a) for all works for which it is responsible as defined in Annex 4.2.
- (b) for liaising with the Governors with regards to any planned capital work.
- (c) for making good any consequential damage caused by the Local Authority's failure to meet its obligations under the terms of this agreement, which affect the maintenance obligations of the Governors.

Limits on Governors' Action

The Governors shall not create any tenancy or licence without the written consent of the Local Authority except that this shall not prevent the use of the school for temporary hiring or licensing in accordance with arrangements agreed with the Local Authority.

The Governors shall not adapt, change, extend or demolish any part of the premises without the Local Authority's written consent.

Energy and Water

The Governors shall be responsible for payment of the costs incurred in consuming fuel used for heating, lighting or process purposes and the cost of water consumption whether metered or otherwise. Where consumption relates to the provision of services to any part not forming part of the school, the costs shall be fairly apportioned between the school and the other user.

The Governors shall be responsible for implementation of the Local Authority's Energy Efficiency Policy (to be made available to schools).

The Governors shall be responsible for the operation of all plant and equipment in accordance with the Local Authority or manufacturer's appropriate standards and shall ensure that it is adequately serviced and maintained in so far as they are liable, in accordance with the operating instructions.

The Governors shall be responsible for adequately maintaining and servicing the plant and equipment for which it is responsible under Annex 4.2

Miscellaneous

The Local Authority will make available to Governors documents and manuals that relate to the obligations each will accept under the arrangements set out in this agreement in respect of Health and Safety Policy, Electrical Safety Policy, Energy Management, Codes of Practice for the carrying out of contracting work, including emergency arrangements, Asbestos Code of Practice, Codes for the use of pesticides for ground maintenance and manufacturer or supplier's instructions in the operation of plant and equipment.

Governors should ensure that appropriate training is made available to those staff who may have responsibility for actions involving such policies, procedures or guidance.

Annex 4.2

Capital/Revenue Split – Illustrative Examples In Line With CIPFA Code Of Practice on Local Authority Accounting

The following guidance sets out some illustrative examples of the division of responsibility for building related works between the Local Authority and individual schools. This is not intended to be an absolute definitive document but a form of guidance on the basis that schools have responsibility for all Repairs & maintenance revenue expenditure whilst the Local Authority retains responsibility for expenditure of a capital nature. Further more detailed guidance is available in the document “Responsibility for Repairs and Maintenance in County Schools”. Where there are differences between the Scheme and “Responsibility for Repairs and Maintenance in County Schools”, the information in the Scheme takes precedence.

Where specific guidance is needed on the classification of expenditure, then further advice should be sought from the Council’s Corporate Accountancy team. The Council’s decision on the classification of expenditure as either revenue or capital, in accordance with the CIPFA Code of Practice on Local Authority Accounting, shall be final.

Element	Capital: As CIPFA Code Of Practice	Revenue: Repairs & Maintenance	VA School Governors’ Responsibilities (Full Details In Dfes Document “Determination Of Financial Liability”)
Roofs <u>Flat</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure	New structure and repair/replacement of structure
	Structure. Replacement of all or substantial part of an existing structure	Replace small areas of rotten or defective timber, make good minor area of spalling concrete where reinforcing bars exposed	Replacement of structure
	Screed/insulation in a new building/extension	Repair/replacement of screed/insulation where defective	New screed/insulation and repairs
	Screed/insulation. Replacement/enhancement of substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair/replace small areas of roof	Replacement/repair of screed/insulation
	Finish on new build. Replacement of all/substantially all on existing roof	Recoating/Patching areas of roof finish on existing building.	Finish on new build. Replacement of roof finish on existing buildings. Re-coating
	Edge trim/fascia on new build	Repairs/replacement of individual sections. Repainting	Edge trim/fascia on new build and repairs/replacement/repainting
	Edge trim/fascia, replacement of all/substantially all on existing roof	Repairs/replacement of individual sections. Repainting	Replacement of edge trim/fascia on existing building

Element	Capital: As CIPFA Code Of Practice	Revenue: Repairs & Maintenance	VA School Governors' Responsibilities (Full Details In Dfes Document "Determination Of Financial Liability")
	Drainage on new build	Clearing out gutters and downpipes. Replacement/ repair/repainting of individual gutters/pipes	Drainage on new building and repairs/ replacement/ repainting (NOT cleaning gutters/downpipes)
	Other e.g. Flashings and Rooflights on new build. Replacement of all/substantially all on existing roof.	Repair/replacement/cleaning of individual items	Flashings/rooflights on new building and repair/ replacement (NOT cleaning)
<u>Pitched</u>	Structure. New (not replacement) structure.	Repair/replacement of small parts of an existing structure.	Structure of new roof and all repairs EXCEPT trusses (i.e. internal repairs).
	Structure. Replacement of all or substantial part of an existing structure.	Replace/repair small areas of rotten/defective joists, rafters, purlins etc.	Replacement of internal structure EXCEPT trusses (i.e. internal repairs).
	Insulation in a new building/extension.	Repair/replacement/ increasing thickness of insulation in an individual sections of existing roof.	Insulation in new building and repair/replacement.
	Insulation. Replacement/ enhancement of substantially all. Improve insulation to current standards.		Repair/replacement or improve insulation
	Roof finish in a new building/extension replacement of all/ substantially all on existing roof	Replace missing/damaged.	Finish in new building/extension and repair/replacement in existing building
	Bargeboards/fascia in a new building/extension, replacement of all/ substantially all on existing roof	Repairs/replacement/ repainting	Bargeboards/fascias in new building/extension and repairs/replacement/ repainting in existing building
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes and gutters	Drainage in new building/extension and repair/replacement (NOT cleaning guttering or downpipes)
	Drainage replacement of all/substantially all on existing roof		Drainage replacement in existing roof

Element	Capital: As CIPFA Code Of Practice	Revenue: Repairs & Maintenance	VA School Governors' Responsibilities (Full Details In Dfes Document "Determination Of Financial Liability")
	Other e.g. flashings and roof window in new building/extension, replacement of all/ substantially all on existing roof	Repair/replacement/cleaning	Flashings, roof window in new building/extension and repair/replacement (NOT cleaning in existing roof)
<u>Other</u>	Provide new covered link etc between existing buildings	Minor repairs, maintenance to existing covered link	Provide new covered link and repairs to existing (NOT cleaning). Rebuild or repair structure of existing covered link.
	Rebuild or substantially improve structure or existing covered link		Rebuild or improve structure of existing covered link
	Add porch etc to existing building	Minor repairs, maintenance to existing	Add new porch and minor repairs to existing
	Rebuild or substantially improve structure of existing porch		Rebuild or repair existing porch
Floors <u>Ground Floor</u>	Structure and dpc in new building	Repair/replacement of small parts of an existing structure	Structure and dpc of new building and replacement of existing structure
	Structure and dpc – replacement of all or substantial part of an existing structure		
	Screed and finish in new build, replacement of all/ substantially all on existing floor – e.g. replacement of most carpet/tiles in a room	Replacement and repair of screed and finishes/ replacement of mats/matwells. Maintenance – e.g.: revarnishing wooden floors	Provide screed and finish in new buildings (NOT repairs to finishes, matwells, etc)
<u>Upper Floor</u>	Structure – as ground floor	As ground floor	Structure of new buildings and replacement of existing structure
	Screed and finish – as ground floor	Repairs of finishes/ replacement – as ground floor	As ground floor

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Ceilings <u>Top/only storey</u>	Suspension	Repair/replacement including from water damage and necessary decoration	Provision (NOT repair or replacement)
	Membrane		Provision (NOT repair or replacement)
	Fixed	Repair/replacement including from water damage	Provision (NOT repair or replacement)
	Access panels	Repair/replacement	Provision (NOT repair or replacement)
<u>Lower storey</u>	Suspension	Repair/replacement	Provision (NOT repair or replacement)
	Membrane		Provision (NOT repair or replacement)
	Fixed	Repair/replacement	Provision (NOT repair or replacement)
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed asbestos based materials, planned or emergency	Inspection/air testing. Applying sealant coats to asbestos surfaces for protection	Removal/replacement of damaged/disturbed asbestos EXCEPT where part of repair project
External Walls <u>Masonry/ cladding</u>	Structure underpinning/ propping for new build	Repairs. Preventative measures – e.g. tree removal	Structure underpinning/ propping of new building and repairs (NOT tree removal unless part of clearing new site)
	External finish on new build	Repair/replacement of small parts of an existing structure – e.g. repointing/recladding a proportion of a wall where failure has occurred	External finish on new building and repairs/ replacement of existing structure including repointing/recladding
	External finish on existing build where substantial part of the building needs enhancing.	Minor repointing on individual sections of the building	Substantial improvements to external finish on existing building

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<u>Windows and Doors</u>	Framing – new build	Repair/replacement of individual frames. Repainting frames	New window frames and doors in new building and repairs/replacement (NOT replacement/repair/repainting of internal doors or windows)
	Framing – structural replacement programme where replacement is an enhancement of the previous framing	Repair/replacement of individual windows. Repainting frames	New windows in replacement programme
	Glazing – new build	Replacing broken glass	Glazing new building and replace broken glass
	Glazing – upgrading existing glazing		Upgrading existing glazing
		Repair/replacement, upgrading locks etc	
	Internal and external decoration to new build	Internal and external decoration to include cleaning down and preparation	Internal and external decoration of new provision, external re-decoration (NOT internal re-decoration)
<u>Masonry Chimneys</u>	Substantial Enhancement of existing structure	Repair/repointing	Substantial Enhancement of existing structure and repair/repointing
Internal Walls <u>Solid</u>	Complete including various internal finishes, linings and decoration	Repair and re-decoration to internal plaster/linings tiles, pin boards etc	New walls and finishes (NOT repair/replacement)
	Substantial Refurbishment and alterations	Minor alterations	
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc	Repairs and re-decoration	New partitions (NOT repair/replacement)
	Substantial Refurbishment and alterations	Minor alterations	
<u>Doors and Screens</u>	Framing/screens/doors to new buildings including glazing, ironmongery, jointing and internal decoration	Internal maintenance and re-decoration. Repair/replacement of defective doors and screens	Provision of new (NOT repair/replacement)

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Sanitary Services <u>Lavatories</u>	In new buildings provision of all toilet fittings, waste plumbing and internal drainage	Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc	Provision (NOT repair/ replacement of damaged sanitary ware)
	Large scale toilet refurbishment	Small areas of refurbishment	Provision/refurbishment (NOT replacement of damaged sanitary ware)
	Provision of disabled facilities and specialist facilities related to pupils with statements	Repair/replacement of damaged fittings, waste plumbing etc.	Provision (NOT repair/ replacement of damaged fittings etc)
<u>Kitchens</u>	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations	Maintain kitchen to requirements of LA. Cleaning out drainage systems. Re-decoration	
	General substantial refurbishment	Repairs	
	Large and costly items of equipment	Repairs/replacement parts	
Mechanical Services <u>Heating/Hot Water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc	General maintenance of all boiler house plant including replacement of defective parts, regular servicing and regular cleaning.	Provision of complete system (NOT repair/ replacement or maintenance)
	Safe removal of old/damaged asbestos boiler and pipework insulation, where risk to Health and Safety	Monitoring systems. Health and Safety issues	
	Planned replacement of old boiler/controls systems past the end of their useful life	Replacement of defective parts	
	Emergency replacement of boiler plant/systems		
<u>Cold Water</u>	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks	Provision of complete system (NOT repair/replacement or maintenance)

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<u>Gas</u>	Distribution on new and major refurbishments, terminal units	Repairs, maintenance and gas safety. All servicing	
<u>Ventilation</u>	Mechanical ventilation/air conditioning to major projects	Provision of local ventilation. Repair/replacement of defective systems and units	Provision (NOT repair/replacement)
<u>Other</u>	Swimming pool plant and its complete installation, including heat recovery systems	Repair/replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment	If governors provided
Electrical Services <u>General</u>	Main switchgear and distribution in major projects	Testing/replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings	Provision (NOT repair/replacement or maintenance)
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health and Safety. All servicing	
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc	All testing, repair and replacement of small items of equipment	Provision (NOT repair/replacement)
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency	Provision (NOT repair/replacement)
<u>Other</u>	Lighting protection in new build	Repair/replacement	Provision and repair
	Alarm systems, CCTV, lifts/hoists etc	Repair and maintenance	Provision (NOT repair or maintenance)

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	New installation of communication systems, radio/TV, call, telephone, data transmission, IT etc and provision in new build	Repair/replacement/ maintenance, including all door access systems	
External Works <u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair car park and playground markings	Provision if part of statutory proposal project (NOT repair or maintenance) Provision and repair of ramps and steps.
<u>Miscellaneous</u>	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/boundary/ retaining walls, fencing and gates	
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary	Foul drainage plus external gutters and drainpipes (NOT maintenance)
<u>Open Air Pools</u>	Structure, hygiene/safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts Simple energy savings systems	If governors provided
<u>Services Distribution</u>	Heating mains, gas mains, water mains, electricity mains – renewal of any above	Annual servicing	Provision grant aided but (NOT for repairs)