

# NORTHAMPTONSHIRE'S SCHEME FOR FINANCING SCHOOLS

(changes are highlighted)

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## SECTION 1: INTRODUCTION

### 1.1 The Funding Framework

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

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items.

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

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

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school\* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (\*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

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

NCC is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

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

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

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

The scheme also provides a financial framework for the achievement of the following objectives:

1. Enabling schools to determine their priorities.
2. Enabling schools to make the most effective use of their resources for the improvement of the education of their pupils.
3. Enabling schools to respond to the needs of pupils, employers and communities.
4. Enabling schools to improve the quality of education in Northamptonshire.
5. Enabling schools to enhance the roles of staff, headteachers and governing bodies.

The scheme will incorporate the different elements used to provide funding for non-statemented and statemented pupils, mainstream and special schools.

## **1.3 Application of the Scheme to the LA and maintained schools**

This scheme applies to community, nursery, voluntary, foundation, special schools and Pupil Referral Units (PRUs) maintained by the NCC. A list of schools is given at Annex A. This scheme does not apply to academies

## **1.4 Publication of the scheme**

NCC will also publish the local Scheme and any revision on the NCC website by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

## 1.5 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with the governing body and headteacher of all NCC maintained schools before they are submitted to the Northamptonshire Schools Forum for approval.

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

## 1.6 Delegation of powers to the headteacher

The governing body of a school is required to consider the extent to which it wishes to delegate its financial powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. The first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

## 1.7 Maintenance of schools

NCC 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). Part of the way NCC maintains schools is through the funding system put in place under sections 45 to 53 of the SSAF Act 1998.

# SECTION 2: FINANCIAL CONTROLS

## 2.1 Application of financial controls to schools

The NCC Head of Finance (Section 151 Officer) has responsibility for administering the financial arrangements of the County Council, including the financial affairs of schools. In the management of their delegated budgets schools must therefore abide by the Head of Finance's requirements on financial control and monitoring as detailed in the Schools Financial Management Handbook.

## 2.2 Provision of financial information and reports

Schools are required to provide NCC with details of anticipated expenditure and income through the completion of a budget proposal form at the start of each financial year. Details of actual expenditure and income should be provided through the submission of a quarterly return. However, while NCC cannot require schools performing their own payroll to submit a monthly return of employee-related expenditure it would encourage them to do so.

These returns should be reconciled to the school's local financial system by the school concerned and will be input to the central accounting system by NCC staff to form part of the statutory accounts.

NCC will provide schools with periodic monitoring reports, and a statement of outturn expenditure against budget at the end of the financial year.

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

Section 3 of the Schools Financial Management Handbook gives details of employee pay scales and on costs etc. The requirements of those schools that opt to do their own payroll are also set out. Section 4 of the Handbook sets out the administrative procedures for ordering, receiving and paying for goods and services.

### **2.4 Control of assets**

Each school is required to maintain an inventory of its moveable non-capital assets (with a value of £1,000 or more) in accordance with the guidance provided in the NCC Property Management Handbook. The Handbook also sets out the basic authorisation procedures for the disposal of assets. Schools are free to determine their own arrangements for keeping a register of individual assets worth less than £1,000, although they should keep a register in some form.

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

Schools are required to abide by the procedures issued by NCC as detailed in the Schools Financial Management Handbook. Year-end procedures are separately issued by the end of February each year.

### **2.6 Writing off of debts**

Governors are authorised to write off bad debts as appropriate, and such decisions must be recorded in the minutes of the governing body.

### **2.7 Disputes regarding NCC invoices**

If agreement cannot be reached between the school and NCC within 90 days of the charge being raised, the matter will be referred to the NCC Head of Finance for resolution through the Chair and Deputy Chair of Northamptonshire Schools Forum.

### **2.8 Basis of Accounting**

Although schools' internal systems may operate on a cash basis, the County Council's final accounts are prepared on an accruals basis with income and expenditure accounted for in the year in which it arises by the creation of debtors and creditors.

### **2.9 Submission of budget plans**

Each maintained school is required to submit a budget plan, which takes account of the major categories of expenditure and income, on the NCC Budget Proposal Form, by **3rd May 2013**. Schools should, when constructing

their annual budget plan take into account their estimated carry forward deficit/surplus balance as at the previous 31<sup>st</sup> March.

NCC will provide schools with the data which it holds which is considered necessary for efficient planning by schools, e.g. salary details of staff, estimated inflation rates.

The school's formal annual budget plan must be approved by the Governing Body or a committee of the governing body. Any changes to this i.e. virements of budget during the year should also be approved by the Governing Body or committee as outlined in the Schools Financial Management Handbook.

### **2.10 Submission of Financial Forecasts**

The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

### **2.11 Efficiency and value for money**

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the purchasing, tendering and contracting requirements **at paragraph 2.19.**

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

### **2.12 Virements**

Schools may vire freely between budget heads in the expenditure of their budget shares. In order to reflect this on the central accounting system, schools will need to complete a standard NCC pro forma which is to be submitted to LGSS Schools Finance.

Schools should ensure that virements are carried out in a timely manner to avoid budget headings becoming overspent.

### **2.13 Audit: General**

All schools are within the remit of LGSS Internal Audit who will periodically review the frequency of audit visits in the light of risk assessment. Currently only secondary schools receive an audit visit once every three years, with primary, nursery and special schools forming part of a thematic audit process.

There is a requirement to provide access to the school premises and records, and to provide such explanations as are deemed necessary. The resulting report will be issued to the Chair of Governors, the Headteacher and NCC.

Where matters of concern are identified, the NCC Head of Finance may initiate a follow-up audit to report on progress in addressing these concerns.



A persistent or deliberate refusal, or inability, to satisfactorily address points raised in this way may lead to withdrawal of delegation.

Schools also fall within the County Council external audit regime determined by the Audit Commission, and are required to co-operate with it and provide access to school records as required.

#### **2.14 Separate external audits**

Governing bodies may if they wish spend funds from their budget share to obtain external audit certification of their official accounts, separate from any County Council internal or external audit process. However, any external audit commissioned by the school would have to take into account the status of the school as a spender of NCC funds and the fact that it must follow County Council procedures.

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

Voluntary and private funds, and trading organisations controlled by the school are to be audited on an annual basis. Audit Certificates should be retained in the school and be made available during school audits or upon request. Guidance on the management and audit of private funds is given in Section 14 of the Financial Management Handbook.

#### **2.16 Register of business interests**

The governing body of each school must hold a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family may have. This register must be kept up to date through notification of changes and through annual review of entries. The register must be available for inspection by governors, staff, parents and NCC.

#### **2.17 Fraud**

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

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

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

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

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

All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

## **2.19 Purchasing, tendering and contracting arrangements**

Schools are required to abide by NCC financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of NCC policies and procedures.

NCC policies and procedures cannot, however, require schools to:

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

Guidance on purchasing, tendering and contracting arrangements is given in the Property Management Handbook.

Schools may also nominate a supplier for inclusion on a list of approved suppliers maintained by the LA.

## **2.20 Application of contracts to schools**

Schools have the right to opt out of NCC arranged contracts.

Although governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

## **2.21 Central funds and earmarking**

NCC is authorised to make sums available to schools from central funds. In certain instances (e.g. Pupil Growth Fund) these allocations become part of the sum delegated to the school. In other instances the allocation may be considered to be earmarked funding and may only be spent on prescribed

budget heads - in this event virement into a non-earmarked area of the budget is not permissible.

Schools are able to demonstrate that this requirement has been complied with through the use of specific expenditure codes. In certain instances, earmarked funds must be returned to NCC if not spent in-year or within the period over which schools are allowed to use the funding.

## 2.22 Spending for the purposes of the school

Under s50 (3) of the SSAF Act 1998 governing bodies are allowed to spend budget shares for the purposes of the school. There are no NCC restrictions on this provision.

By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

## 2.23 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. NCC requires any capital spending from budget shares to be recorded on specific expenditure codes.

Where capital expenditure from the budget share exceeds £15,000 the governing body will be required to take into account any advice from the LA as to the merits of the proposed expenditure. If the premises are owned by NCC, or the school has voluntary controlled status, then the governing body should seek the consent of NCC to any proposed works, but such consent can be withheld only on health and safety grounds.

## 2.24 Notice of Concern

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

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

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;

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

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

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

For the purposes of this section, Budget Share includes any place led funding for special schools or pupil referral units

#### **3.1 Frequency of instalments**

The budget share will be divided into two main categories for the purpose of bank account advances as follows:

- (i) LGSS Payroll - for schools who opt to use the LGSS payroll service, non-pay budgets only advanced to the local bank account in four instalments
- (ii) Own Payroll - for schools that opt out of the LGSS payroll service, the whole budget advanced in thirteen instalments.

However, NCC will make budget share payments available on a monthly basis to schools who request it; but the request must be made prior to the start of the relevant financial year.

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

### 3.2 Proportion of budget share payable at each instalment

- **LGSS Payroll:**

The non-pay budget will be calculated using the figures on the school's budget proposal form i.e. the total budget less employees costs, travel, rates (for those schools not paying their rates locally) and any central budgets for services the school chooses to buy back from the County Council, and for which the budget is held centrally e.g. payroll services.

The advances of the non-pay budget will be as follows:

April	20%
July	30%
October	20%
January	30%

- **Own Payroll:**

There will be 13 advances per year - 1/13<sup>th</sup> of the budget on 1 April and then 1/13<sup>th</sup> of the budget on the school's pay date each month.

The making available of this sum shall also be irrespective of the existence of any deficit relating to expenditure of the school's budget share. No interest clawback is to be applied to the amount before it is made available.

### 3.3 Interest Clawback

Schools that have their pay budgets advanced to their local bank account will be charged interest on the amount of NI, and tax between the County Council payroll date and the date that payments would have been made by the County Council to the respective bodies.

Interest will be calculated on a daily basis using the average short term investment rate i.e.

$$(a) \times (b) / 365 \times (c)$$

where

(a) = the Bank of England base rate, (e.g. 0.5% for 2013)

(b) = number of days between County Council pay date and the date on which the County Council would have paid contributions for tax and NI to the Inland Revenue and DSS

(c) = the school's contributions for tax and NI.

Interest will be calculated and charged once per annum based on the figures for September x twelve months. Schools will be invoiced in November and charged seven months in arrears, five months in advance.

Also, if schools request to have their advance to their local bank account prior to the date on which their staff would have paid as part of the County Council's payroll for school-based staff then interest will be charged on the pay budget part of the advance.

Interest will be calculated on a daily basis using the average short term investment rate, i.e.

$$(a) \times (b) / 365 \times (c) + (a) \times (d) / 365 \times (e) + (a) \times (f) / 365 \times (g)$$

where

(a) = the Bank of England base rate, (e.g. 0.5% for 2013)

(b) = number of days between the advance and County Council pay date.

(c) = total amount of budget advanced for salaries and travel that month i.e. 1/13<sup>th</sup> of the annual pay and travel budget.

Interest will be calculated and charged once per annum based on the figures for September x twelve months. Schools will be invoiced in November and charged seven months in arrears, five months in advance.

### 3.4 Interest on late budget share payments

If the payments to the bank accounts are delayed due to a fault in the administrative systems for processing the advances to the school's bank account the school will receive interest as follows:

Interest will be calculated on a daily basis using the average short term investment rate, i.e.

$$(a) \times (b) / 365 \times (c)$$

where

(a) = the Bank of England base rate, (e.g. 0.5% for 2013)

(b) = number of days between the date the advance was made and the date it should have been made by the County Council

(c) = the amount of the advance

### 3.5 Bank and building society accounts

All schools should operate a local bank account into which their budget share instalments are paid. It will also be possible to have a linked deposit account, with all transfers to and from the linked deposit account being made via the local bank account. Interest earned on these accounts is retained by the school.

The financial regulations pertaining to the local bank account scheme, and guidance notes on the administration of local bank accounts, are contained within the Section 2 of the Financial Management Handbook.

### **3.6 Restrictions on accounts**

NCC operates a pooling arrangement through its own bankers. Schools who do not wish to take advantage of this may choose to hold an account for the purpose of receiving budget share payments with any UK bank or building society approved by NCC. The current list is attached at Annex B.

All school accounts (excluding the school fund) must have "Northamptonshire County Council" or 'NCC' in their title in addition to the school name. This provision allows bankers and auditors to distinguish between public and private funds, and will ensure that there is no inadvertent disclosure of information if the external auditors legitimately approach a school's bank for details of the public funds bank account.

A minimum of two cheque signatories are required for the local bank account; however these do not have to be NCC employees.

Schools are permitted to use direct debits, standing orders and BACs payment facilities where required provided the rules contained in financial regulations are adhered to.

Schools are encouraged to make use of procurement cards as these provide a useful means of facilitating electronic purchases.

### **3.7 Borrowing by schools**

School governing bodies may only borrow money with the written permission of the NCC Head of Finance and the Secretary of State. This requirement does not extend to monies lent to schools by NCC i.e. under the Asset Loan Scheme or the Equipment Purchase Scheme.

This restriction does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. However, these debts may not be serviced directly from the delegated budget.

### **3.8 Use of School Balances**

The Asset Loan Scheme and the Equipment Purchase Scheme utilises the combined bank balances of schools.

In addition, NCC may borrow from these balances to support projects which benefit children and young people in the County – detailed criteria have been agreed with the Northamptonshire Schools Forum.

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

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

Schools may carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

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

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2013:

- (1) the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- (2) the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance;
- (3) the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority (see Annex C for a list of these exceptions), and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- (4) if the result of steps (1) – (3) is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £20,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.



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

Schools will be required to split these balances for the DfE Section 251 return and for Consistent Financial Reporting both of which are statutory returns.

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

Schools will not be paid interest on any unspent centrally-held year-end balances. However, in so far as schools hold their unspent balances within a local school bank account, they may receive interest on the balance held within that account.

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

Schools must carry forward from one financial year to the next any shortfall in school budget share relative to their expenditure for the year plus/minus any balance brought forward from the previous year. This will be affected through a deduction from the following year's budget share.

#### **4.5 Planning for deficit budgets**

It is not permissible for schools to budget for a deficit, except in those circumstances set out in 4.9 below. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year.

Where schools have reason to anticipate a deficit the NCC Head of Finance must be informed immediately.

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

Schools will not be charged interest on any unplanned year end deficits as a matter of course. However, where an unplanned overdraft occurs on a school's local bank account, although NCC will underwrite such an overdraft, the school's budget will be charged any interest or other costs that arise.

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

NCC cannot write off the deficit balance of any school.

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

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

#### 4.9 Licensed deficits

A school may be allowed to plan for a deficit budget in exceptional circumstances with the agreement of the NCC Head of Finance and subject to the following restrictions:

- (1) The maximum length over which a school may repay the deficit is normally three years from the beginning of the next financial year in which the deficit arises, and the financial position will be subject to ongoing monitoring and annual review.
- (2) A deficit arrangement will only be allowed where the continuing existence of a school is deemed viable.
- (3) The minimum size of an agreed deficit is £5,000, and the maximum level is 15% of the budget share.
- (4) The maximum proportion of the collective school balances held by NCC which will be used to back the total of deficit arrangements is 10%.
- (5) Arrangements for individual schools will be determined by the NCC Head of Finance or their nominated officers, in agreement with the school Governing Body. The Governing Body must formally agree to abide by any requirements laid down as a pre-condition to accepting the deficit arrangement.

#### 4.10 Asset Purchase (Loan) Scheme

NCC operates an Asset Purchase (Loan) Scheme details of which are attached at Annexe D.

#### 4.11 Equipment Purchase Scheme

Details of the NCC Equipment Purchase Scheme are at Annex E.

### SECTION 5: INCOME

#### 5.1 Income from lettings

Schools may retain income from lettings of the school premises subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidize lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

Schools must, however, have regard to the directions issued by NCC as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.

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

Schools may retain all income from fees and charges, except where a service is provided by NCC from centrally retained funds. However, schools are required to have regard to NCC policy statements on charging.

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

Schools may retain income from fund-raising activities.

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

Schools may retain the proceeds from the sale of assets, except in cases where the asset was purchased with non-delegated funds, or the asset concerned is land or buildings forming part of the school premises and is owned by NCC.

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

The collection of income, and relevant VAT guidance, are detailed in Sections 8 and 5 of the Financial Management Handbook.

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

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

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

## **6.1 General provision**

With the exception of school-based staff salary and travel costs, the budget share of a school may only be charged by NCC without the consent of the Governing Body in those circumstances set out in 6.3 below. Even then NCC is required to consult with the school as to the intention to so charge, and must notify the school when the charge has been made.

## **6.2 Basis of charges**

Salaries and travel costs of school-based staff will be charged to schools at actual cost. **Where schools opt to be part of the LGSS Payroll scheme for administering and charging the costs of supply teachers, these charges will be made at actual cost.**

### 6.3 De-Delegation

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

### 6.4 Circumstances in which charges may be made:

- (1) Where premature retirement costs have been incurred without the prior written agreement of NCC to bear such costs, (the amount chargeable being only the excess over any amount agreed by NCC).
- (2) Other expenditure incurred to secure resignations where the school has not followed NCC advice.
- (3) Awards by courts and industrial tribunals against NCC, or out of court settlements arising from action or inaction by the governing body contrary to NCC advice.
- (4) Expenditure by NCC in carrying out health and safety work, or capital expenditure for which NCC is liable, where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- (5) Expenditure by NCC incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by NCC or the school has voluntary controlled status.
- (6) Expenditure incurred by NCC in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by NCC.
- (7) Recovery of monies due from a school for unpaid invoices which have been referred to the disputes procedure set out in Section 2.1.7 of this Scheme.
- (8) Recovery of penalties imposed on NCC by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions, the Environmental Agency or other regulatory authorities as a result of school negligence.
- (9) Correction of NCC errors in calculating charges to a budget share, (e.g. pensions deductions).
- (10) Additional transport costs incurred by NCC arising from decisions by the governing body on the length of the school day, and failure to notify NCC of non-pupil days resulting in unnecessary transport costs.

- (11) Legal costs which are incurred by NCC because the governing body did not accept the advice of NCC.
- (12) Costs of necessary health and safety training for staff employed by NCC, where funding for training has been delegated but the necessary training not carried out.
- (13) Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- (14) Cost of work done in respect of teacher pension remittance and records for schools using non-LGSS Payroll contractors, the charge to be the minimum needed to meet the cost of NCC compliance with its statutory obligations.
- (15) Costs incurred by NCC 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 low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- (16) Costs incurred by NCC due to submission by the school of incorrect data.
- (17) Recovery of amounts spent by the school from specific grants on ineligible purposes.
- (18) Costs incurred by NCC as a result of the Governing Body being in breach of the terms of a contract.
- (19) Costs incurred by NCC or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- (20) Recovery of monies due for unpaid invoices from a school which is due to convert to academy status.

## SECTION 7: TAXATION

### 7.1 Value Added Tax

NCC is able to reclaim VAT on schools expenditure relating to non-business activity, and to pass amounts so reclaimed back to the school. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Detailed guidance on VAT, and procedures for reclaiming it, are set out in Sections 5 and 8 of the Schools Financial Management Handbook.

## 7.2 Construction Industry Taxation Scheme (CITS)

Schools are required to abide by NCC procedures in connection with CITS. These are set out in the Section 4 of the Schools Financial Management Handbook.

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

## 8.1 Provision of services from centrally retained budgets

NCC will determine on what basis services from centrally retained funds, (including **existing** PRC and redundancy), will be provided to schools.

NCC will not be able to discriminate in its provision of services on the basis of categories of schools **except where discrimination is justified by differences in statutory duties.**

## 8.2 Provision of services bought back from NCC using delegated budgets

The term of any arrangement with a school to buy services or facilities from NCC is limited to a maximum of three years from the date of the agreement and periods not exceeding five years for any subsequent agreement for the same services.

## 8.3 Packaging

Where funding has been delegated, and NCC is offering a service on a buyback basis, it must provide that service in a way which does not unreasonably restrict schools' freedom of choice among the services available. Where practical, services will be provided on a service-by-service basis as well as in packages.

## 8.4 Charging

Where NCC provides services on an 'ad hoc' basis, they may be charged for at a different rate than if provided on the basis of an extended agreement. **This excludes centrally arranged premise and liability insurance.**

## 8.5 Service level agreements

Information on the services which will be offered for schools to purchase will be provided by no later than 15th February each year, and schools will have at least a month to consider the terms of agreements.

If services or facilities are provided under a service level agreement - whether centrally funded or on a buyback basis - the terms of any such agreement will be reviewed at least every three years if the agreement lasts longer than that.

All services offered by NCC will also be made available on a basis which is not related to an extended agreement, although where services are provided

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

## **8.6 Teachers' Pensions**

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

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

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

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

## **SECTION 9: PRIVATE FINANCE INITIATIVE (PFI)**

9.1 Charges will be made in accordance with the agreement with each school.

## **SECTION 10: INSURANCE**

### **10.1 Insurance cover**

As funds for insurance are delegated to schools, NCC requires that schools demonstrate that cover relevant to NCC insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover required to be arranged by the school by the NCC Head of Finance.

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

Further details are contained in Section 9 of the Financial Management Handbook.

## **SECTION 11: MISCELLANEOUS**

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

Governing bodies are required to supply all financial and other information which might be reasonably required to enable NCC to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by NCC, (e.g. earmarked funds), on the school.

### **11.2 Liability of governors**

As the governing body is a corporate body, and because of the terms of s50(7) of the SSAF Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

### **11.3 Governor's expenses**

Under schedule 11 of the SSAF Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Payment of any other allowances is not permissible. In addition, schools should not pay expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

The LA will also delegate funds to meet governor expenses to the governing body of a school yet to receive a delegated budget if necessary.

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

Legal costs incurred by the governing body, although the responsibility of the NCC as part of the cost of maintaining the school, unless they relate to the statutory responsibility of voluntary aided school governors for buildings, may be charged to the school's budget share unless the governing body acts in accordance with the advice of NCC (see section 6.3.12).

Where there is a conflict of interest between NCC and the Governing Body, NCC Legal Services will decline to act for the school, and the school must therefore purchase advice from a third party.



### 11.5 Health and Safety

In the management of the budget share, the governing body should have due regard to duties placed on NCC in relation to health and safety, and the NCC policy on health and safety matters.

### 11.6 Right of attendance for NCC Head of Finance

Governing bodies are required to permit the NCC Head of Finance or any officer of the authority nominated by the NCC Head of Finance to attend meetings of the governing body at which any agenda items are relevant to the exercise of his or her responsibilities.

### 11.7 SEN

In spending their budget shares, schools should use their best endeavours to secure the appropriate level of SEN provision. Where, in general terms, this is not being achieved, delegation may be suspended.

### 11.8 'Whistle blowing'

Details of the 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 can also be found on the NCC website (Human Resources for Schools Handbook).

### 11.9 Child Protection

Child Protection is the responsibility of all Area Child Protection Committee (ACPC) member agencies and schools and Education Professionals have a significant role to play. All schools should follow agreed ACPC procedures and there is an expectation by NCC that they should be involved in any child protection case conferences or subsequent core groups if children are placed on the child protection register.

NCC does not provide any funding for this but does offer Designated Teacher Child Protection training and the ACPC provides a range of training on related issues for schools.

### 11.10 Redundancy/Early Retirement Costs

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

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

Charges of dismissal/resignation costs will be made to the delegated school budget:

- where the school decided to offer more generous terms than the authority's redundancy policy in which case the excess will be charged to the school;
- when the school otherwise acted outside the NCC's redundancy policy and/or policy on fixed term contracts;
- when the school chooses to restructure and intends to make staffing reductions which NCC does not believe are necessary to either set a balanced budget or to meet the conditions of a licensed deficit;
- when the school is in a situation where staffing reductions arise from a deficit caused by factors within the school's control; and
- in a situation where the school has excess surplus balances and no agreed plan to use these.

For staff employed under the community facilities power, the costs of any early retirements or redundancies must be met by the governing body and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant event with the performance of any duties imposed on them by the Education Acts.

## SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

### 12.1 School Responsibilities

Schools will continue to be responsible for non-strategic repairs and maintenance, and will additionally be expected to finance from their budget:

1. All day-to-day and planned maintenance such as repairing or recovering roofs, replacing failed boilers, rewiring, renewing damaged or dilapidated fences, rebuilding unsafe or collapsed boundary or retaining walls, resurfacing playgrounds, etc.
2. Ensuring that the building complies with various statutory regulations with regard to fire, environmental issues, safety glazing, asbestos regulations, etc.
3. Arranging, monitoring and logging the results of regular inspection and servicing contracts in respect of, for example:
  - boilers, pumps and ancillary equipment
  - gas installations
  - fixed electrical wiring, including emergency lighting and fire alarms
  - security installations
  - water tanks

Many of the above items, when carried out, must comply with legislation and statutory regulations such as:

the Environmental Protection Act 1990

the IEE Wiring Regulations 1991  
the Workplace (Health Safety and Welfare) Regulations 1994  
Construction (Design and Management) Regulations 1994  
the Gas Safety (Installation and Use) Regulations 1994  
DfE Constructional Standards 1997  
local water byelaws

12.2 NCC has delegated responsibility for both revenue and capital expenditure. NCC adheres to the definition of capital set out in the CIPFA Code of Practice on Local Authority Accounting, and, for information, Annexe F provides illustrative examples of the capital/revenue split.

12.3 Illustrative examples of capital expenditure items in line with the DfE interpretation of the CIPFA code of practice are included in Annex F.

**12.4 The NCC de minimus for expenditure from the school's capital budget allocation is £2,000 – any expenditure below this level must be treated as revenue spend.**

12.5 For voluntary aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work, not the de minimis limit used by the Authority.

12.6 Further information and guidance on repairs and maintenance responsibilities is contained within the Property Management Handbook.

## SECTION 13: COMMUNITY FACILITIES

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

However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

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

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

### 13.2 Requirement to seek LA advice

Schools are required to seek NCC advice, so that schools and the NCC are aware of any potential financial or other operational liabilities. NCC has adopted a formal procedure for considering schools' proposals. Schools will be required to submit a fully costed business case to NCC for consideration. This will include:

- (1) Details of the facilities to be provided, in terms of its purpose, staffing and impact upon general school activities.
- (2) A risk assessment of the proposals.
- (3) A two year business plan detailing all income and expenditure.
- (4) What plans the governing body have to deal with any surpluses/deficits arising from undertaking the community facilities power.
- (5) Confirmation of the status of the provider (e.g. business, charitable organisation)

This will ensure that both parties are aware of any issues that may arise prior to entering into any commitment of resources.

This procedure seeks to include reasonable requirements as to timeliness and the amount of information which schools must supply in seeking NCC advice. This procedure will be published to all schools and schools will be advised of any revisions which may from time to time, be necessary.

### 13.3 Requirements relating to the provision of advice

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

### 13.4 Funding agreements – authority powers

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

### 13.5 The Authority's requirements in relation to funding agreements with third parties

NCC requirements in relation to funding agreements with third parties (as opposed to funding agreements with the Authority itself) are that any such

proposed agreement should be submitted to NCC for its comments; giving NCC at least 4 weeks to allow adequate time to consider and respond.

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

### **13.6 Agreements seriously prejudicial to the interests of the school or the Authority**

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

### **13.7 Constraints on the exercise of the community facilities power**

Section 28 (of the Act) provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the Scheme for Financing Schools.

### **13.8 Property considerations**

In considering any proposals for the provision of community facilities, NCC will need to be satisfied regarding the use or change of use of buildings, access, fire and other safety aspects, restrictions on use (where covenants on use bar certain activities or limit the use of the building to educational use), provision of additional accommodation by third parties and the maintenance responsibilities and liabilities. NCC would seek, in consultation with the school, so far as is practicable, to work out a basis on which the proposed activity could go ahead.

### **13.9 Projects with significant financial risk**

The scheme does not give a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. However NCC may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of NCC. This could be achieved either by carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by NCC.

### **13.10 Supply of financial information**

Schools which exercise the community facilities power will be required to provide NCC every six months at the end of March and September, with a summary statement, in a form determined by NCC. This must show the income and expenditure for the school arising from the facilities in question

for the previous six months and on an estimated basis, for the next six months.

### **13.11 Provision of additional information – where there is cause for concern**

NCC may give notice to the school if it believes there to be cause for concern, as to the school's management of the financial consequences of the exercise of the community facilities power, and may require such financial statements to be supplied every three months, at the end of June, September, December and March. If NCC sees fit, it may require the submission of a recovery plan for the activity in question.

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

### **13.12 Audit**

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

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

### **13.13 Retention of income**

Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be NCC or some other person.

### **13.14 Community Facilities Balances**

Schools are also permitted to carry such retained income over from one financial year to the next as a separate community facilities surplus.

Schools budget share balances will be split between several categories under the Consistent Financial Reporting Framework. Where the community facilities are administered through the school's budget these balances may include community facilities balances and schools will be asked to identify these.

Where the school is not permitted to administer the community facility as part of the school budget share accounts, subject to the agreement of NCC at the

end of each financial year, the school may transfer all or part of the community facilities balance to the budget share balance.

### **13.15 Extension of Health and Safety provisions**

The health and safety provisions of the main scheme are extended to the community facilities power exercised by schools.

### **13.16 Criminal Records Clearance**

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

### **13.17 School's responsibility for insurance arrangements**

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Schools are required to seek NCC advice before finalising any insurance arrangement for community facilities.

### **13.18 LA's insurance responsibility**

NCC may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

### **13.19 VAT**

Schools may only make use of NCC VAT reclaim facility for expenditure on community facilities when this is from NCC funds and not expenditure from other funds.

Where schools donate any surpluses arising from community facilities activities to the budget share and this is then used for educational purposes NCC VAT reclaim facility may be used. The procedures to be followed are those set out within the VAT guidance issued to schools.

### **13.20 School/LA employees – income tax and national insurance**

Any member of staff employed by the school or NCC in connection with community facilities at the school is paid from funds held in a school's own bank account; the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

**13.21 Construction Industry Tax advice**

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

**13.22 Banking Arrangements**

Under the Scheme for Financing Schools, schools are only permitted to have one current account and a linked deposit account. Schools must therefore ensure that adequate internal accounting controls are maintained and there is a clear separation of funds if the community facilities are administered through the budget share accounts.

The NCC Scheme for Financing Schools continues to apply in respect of banking arrangements for schools e.g. signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters.



## Annex A SCHEDULE OF MAINTAINED SCHOOLS

Estab Number	School Name	School Type or Phase
2082	Alfred Street Junior School, Rushden	Community School
2001	All Saints CofE VA Primary School	Voluntary Aided School
3070	All Saints VA Primary School and Nursery	Voluntary Aided School
2225	Ashby Fields Primary School	Community School
3002	Ashton Church of England Primary School	Voluntary Controlled School
2000	Badby School	Community School
3004	Barby Church of England Primary School	Voluntary Controlled School
2197	Barry Primary School	Community School
2217	Barton Seagrave Primary School	Community School
7020	Billing Brook Special School	Community Special School
3006	Blakesley Church of England Primary School	Voluntary Controlled School
2002	Blisworth Community Primary School	Community School
3007	Boddington Church of England Voluntary School	Voluntary Controlled School
2188	Boothville Primary School	Community School
2004	Bozeat Community Primary School	Community School
2213	Bracken Leas Primary School	Community School
3008	Brackley Church of England Junior School	Voluntary Controlled School
2222	Brambleside Community Primary School	Community School
3011	Braunston Church of England Primary School	Voluntary Controlled School
2005	Braybrooke Primary School	Community School
2010	Bridgewater Primary School	Community School

3200	Brigstock Latham's Church of England Primary School	Voluntary Controlled School
2006	Brington Primary School	Community School
3012	Brixworth CofE VC Primary School	Voluntary Controlled School
2007	Broughton Primary School	Community School
2008	Bugbrooke Community Primary School	Community School
2011	Byfield School	Community School
2191	Castle Primary School	Community School
3307	Chacombe Church of England Voluntary Aided Primary School	Voluntary Aided School
2181	Chiltern Primary School	Community School
2013	Chipping Warden School	Community School
3202	Clipston Endowed Voluntary Controlled Primary School	Voluntary Controlled School
2015	Cogenhoe Primary School	Community School
5205	Collingtree Church of England Primary School	Voluntary Aided School
2019	Corby Old Village Primary School	Community School
2023	Cosgrove Village Primary School	Community School
3017	Cottingham Church of England School	Voluntary Controlled School
3018	Cranford Church of England Primary School	Voluntary Controlled School
2024	Crick Primary School	Community School
3019	Croughton All Saints CofE Primary School	Voluntary Controlled School
1001	Croyland Nursery School	LA Nursery School
2231	Croyland Primary School	Community School
3312	Culworth Church of England School	Voluntary Aided School
2146	Danesholme Infant School	Community School

5202	Danesholme Junior School	Foundation School
3020	Daventry Abbey Junior School	Voluntary Controlled School
2025	Deanshanger Primary School	Community School
2014	Delapre Primary School	Community School
2206	Denfield Park Primary School	Community School
2026	Denton Primary School	Community School
2210	Duston Eldean Primary School	Community School
2160	Earl Spencer Primary School	Community School
2145	Earls Barton Infant School	Community School
2032	Earls Barton Junior School	Community School
3026	East Haddon Church of England Primary School	Voluntary Controlled School
2219	East Hunsbury Primary School	Community School
3313	Easton Garford Endowed CofE School	Voluntary Aided School
2035	Ecton Village Primary School	Community School
7014	Fairfields School	Community Special School
2132	Falconer's Hill Community Junior School	Community School
2125	Falconer's Hill Infant School	Community School
2038	Farthinghoe Primary School	Community School
2097	Finedon Infant School	Community School
3346	Finedon Mulso Church of England Junior School	Voluntary Aided School
3028	Flore Church of England Primary School	Voluntary Controlled School
7029	Friars School	Community Special School
3029	Gayton Church of England Primary School	Voluntary Controlled School

3030	Geddington Church of England Primary School	Voluntary Controlled School
3031	Glaphorn Church of England Lower School	Voluntary Controlled School
1005	Gloucester Nursery School and Childrens Centre	LA Nursery School
2113	Grange Community School	Community School
3316	Great Addington Church of England Primary School	Voluntary Aided School
2040	Great Creaton Primary School	Community School
2041	Great Doddington Primary	Community School
2042	Greatworth Primary School	Community School
2196	Green Oaks Primary School	Community School
2060	Greenfields Community Primary School	Community School
7019	Greenfields School and Sports College	Community Special School
3032	Greens Norton Church of England Primary School	Voluntary Controlled School
3033	Grendon Church of England Primary School	Voluntary Controlled School
3318	Guilsborough Church of England (Aided) Primary School	Voluntary Aided School
3511	Hackleton CofE Primary School	Voluntary Aided School
2227	Hall Meadow Primary School	Community School
5211	Hardingstone Primary School	Foundation School
2046	Harlestone Primary School	Community School
3034	Harpole Primary School	Voluntary Controlled School
2028	Havelock Infant School	Community School
2027	Havelock Junior School	Community School
2057	Hawthorn Community Primary School	Community School
2221	Hazel Leys Nursery and Primary School	Community School

2047	Helmdon Primary School	Community School
2230	Henry Chichele Primary School	Community School
2048	Higham Ferrers Junior School	Community School
2140	Higham Ferrers Nursery and Infant School	Community School
1003	Highfield Nursery School and Children's Centre	LA Nursery School
2184	Hopping Hill Primary School	Community School
1105	Hospital and Outreach Education	Pupil Referral Unit
2218	Hunsbury Park Primary School	Community School
2232	Irchester Community Primary School	Community School
2054	Irthlingborough Infant School and Nursery	Community School
2053	Irthlingborough Junior School	Community School
7008	Isebrook School	Community Special School
3320	Isham Church of England Primary School	Voluntary Aided School
2076	John Hellins Primary School	Community School
2062	Kettering Park Infant School	Community School
3039	Kilsby Church of England Primary School	Voluntary Controlled School
3201	Kings Cliffe Endowed Primary School	Voluntary Controlled School
2165	Kings Heath Primary School	Community School
7028	Kings Meadow School	Community Special School
2065	Kings Sutton Primary School	Community School
2166	Kingsley Primary School	Community School
2208	Kingsthorpe Grove Primary School	Community School
3205	Kingsthorpe Village Primary School	Community School

3040	Kislingbury Primary School	Voluntary Controlled School
2066	Little Harrowden Community Primary School	Community School
3326	Little Houghton Church of England Primary	Voluntary Aided School
2156	Loatlands Primary School	Community School
3042	Loddington Church of England Primary School	Voluntary Aided School
2068	Long Buckby Infant School	Community School
2067	Long Buckby Junior School	Community School
2176	Lyncrest Primary School	Community School
2069	Maidwell Primary School	Community School
2029	Mawsley Primary School	Community School
2144	Meadowside Primary School	Community School
3329	Mears Ashby Church of England Endowed School	Voluntary Aided School
2070	Middleton Cheney Community Primary School	Community School
5206	Millbrook Infant School	Foundation School
5207	Millbrook Junior School	Foundation School
2016	Millway Primary School	Community School
3045	Milton Parochial Primary School	Voluntary Controlled School
5200	Moulton Primary School	Foundation School
3046	Naseby Church of England Primary School	Voluntary Controlled School
2072	Nassington Primary School	Community School
3331	Newbottle and Charlton Church of England Primary School	Voluntary Aided School
2073	Newnham Primary School	Community School
4076	Northampton School for Girls	Foundation School

3513	Oakley Vale Primary School	Foundation School
2141	Oakway Infant School	Community School
2149	Oakway Junior School	Community School
2131	Old Stratford Primary School	Community School
2154	Olympic Primary School	Community School
4093	Oundle and King's Cliffe Middle School	Community School
3048	Oundle Church of England Primary School	Voluntary Controlled School
3509	Our Lady of Walsingham Catholic Primary School	Voluntary Aided School
3501	Our Lady's Catholic Infant School, Wellingborough	Voluntary Aided School
3407	Our Lady's Catholic Junior School	Voluntary Aided School
2074	Overstone Primary School	Community School
2061	Park Junior School, Kettering	Community School
2099	Park Junior School, Wellingborough	Community School
1009	Parklands Nursery School	LA Nursery School
2182	Parklands Primary School	Community School
3049	Pattishall Church of England Primary School	Voluntary Controlled School
3050	Paulerspury Church of England Primary School	Voluntary Controlled School
1011	Pen Green Centre for Children and Their Families	LA Nursery School
2075	Pitsford Primary School	Community School
3051	Polebrook Church of England Primary School	Voluntary Controlled School
4052	Prince William School	Community School
3333	Pytchley Endowed Church of England Primary School	Voluntary Aided School
2170	Queen Eleanor Primary School	Community School

2077	Raunds Park Infant School	Community School
2198	Rectory Farm Primary School	Community School
2215	Redwell Infant School	Community School
2216	Redwell Junior School	Community School
3053	Ringstead Church of England Primary School	Voluntary Controlled School
2079	Roade Primary School	Community School
2018	Rockingham Primary School	Community School
1000	Ronald Tree Nursery School and Children's Centre	LA Nursery School
3203	Rothersthorpe Church of England Primary School	Voluntary Controlled School
2080	Rothwell Junior School	Community School
2081	Rothwell Victoria Infant School	Community School
7031	Rowan Gate Primary School	Community Special School
2088	Rushton Primary School	Community School
2128	Ruskin Infant School	Community School
3057	Silverstone Church of England Junior School	Voluntary Controlled School
2121	Silverstone Infant School	Community School
2220	Simon de Senlis Primary School	Community School
2086	South End Infant School	Community School
2130	South End Junior School	Community School
3058	Spratton Church of England Primary School	Voluntary Controlled School
3038	St Andrew's Church of England Primary School	Voluntary Controlled School
3304	St Andrew's CofE VA Primary School	Voluntary Aided School
3074	St Barnabas Church of England School	Voluntary Controlled School



3405	St Brendan's Catholic Primary School	Voluntary Aided School
3408	St Edward's Catholic Primary School	Voluntary Aided School
3354	St Gregory's Catholic Primary School	Voluntary Aided School
3348	St James CofE VA Primary School	Voluntary Aided School
2118	St James Infant School	Community School
3344	St Loys Church of England Primary School, Weedon Lois	Voluntary Aided School
3090	St Luke's Church of England VA Primary School	Voluntary Aided School
3350	St Mary's Catholic Primary School	Voluntary Aided School
3400	St Mary's Catholic Primary School, Aston-le-Walls	Voluntary Aided School
3406	St Patrick's Catholic Primary School, Corby	Voluntary Aided School
3052	St Peter's Church of England Junior School	Voluntary Controlled School
3502	St Thomas More Catholic Primary School	Voluntary Aided School
2192	Standens Barn Primary School	Community School
5210	Stanion Church of England (Aided) Primary School	Voluntary Aided School
2078	Stanwick Primary School	Community School
3336	Staverton Church of England Voluntary Primary School	Voluntary Aided School
2172	Stimpson Avenue Primary School	Community School
3060	Stoke Bruerne Church of England Primary School	Voluntary Controlled School
2021	Studfall Infant School and Nursery	Community School
2020	Studfall Junior School	Community School
3062	Syresham St James CofE Primary School	Voluntary Controlled School
3339	Sywell Church of England Voluntary Aided Primary School	Voluntary Aided School
2087	Tennyson Road Infant School	Community School

2169	The Abbey Primary School	Community School
2100	The Avenue Infant School	Community School
3500	The Bliss Charity School	Voluntary Aided School
2012	The Bramptons Primary School	Community School
1010	The Camrose Centre Surestart for Children and Families	LA Nursery School
4094	The Ferrers Specialist Arts College	Foundation School
7018	The Gateway School	Community Special School
3355	The Good Shepherd Catholic Primary School	Voluntary Aided School
2137	The Grange School, Daventry	Community School
5403	The King John School	Foundation School
5402	The Kingswood School	Foundation School
4055	The Latimer Arts College	Foundation School
4703	Thomas Becket Catholic School	Voluntary Aided School
5209	Thrapston Primary School	Foundation School
3340	Tiffield Church of England Voluntary Aided Primary School	Voluntary Aided School
3066	Titchmarsh Church of England Primary School	Voluntary Controlled School
3515	Towcester Church of England Primary School	Voluntary Controlled School
3000	Trinity Church of England Lower School, Aldwinkle	Voluntary Controlled School
3508	Upton Meadows Primary School	Community School
2174	Vernon Terrace Primary School	Community School
2102	Victoria Primary School	Community School
2090	Walgrave Primary School	Community School
1007	Wallace Road Nursery School	LA Nursery School

2091	Warmington School	Community School
5408	Weavers School	Foundation School
2094	Weedon Bec Primary School	Community School
3068	Weldon Church of England Primary School	Voluntary Controlled School
5212	Welford Sibbertoft and Sulby Endowed School	Foundation School
3077	West Haddon Endowed Church of England Primary School	Voluntary Controlled School
2155	Whitefriars Infant School	Community School
2147	Whitefriars Junior School	Community School
1008	Whitehills Nursery School	LA Nursery School
2183	Whitehills Primary School	Community School
3080	Whittlebury Church of England Primary School	Voluntary Controlled School
3082	Wilbarston Church of England Primary School	Voluntary Controlled School
3345	Wilby Church of England Primary School	Voluntary Aided School
5201	Windmill Primary School	Foundation School
2104	Wollaston Community Primary School	Community School
4038	Wollaston School	Community School
3084	Woodford Church of England Primary School	Voluntary Controlled School
3086	Woodford Halse Church of England School	Voluntary Controlled School
7010	Wren Spinney Community Special School	Community Special School
5410	Wrenn School	Foundation School
3088	Yardley Gobion Church of England Primary School	Voluntary Controlled School
2107	Yardley Hastings Primary School	Community School
2108	Yelvertoft Primary School	Community School

## Types of school maintained by Northamptonshire County Council

- **Foundation School:**
  - the land and buildings are owned by a governing body, who are also responsible for running the school
  - the local authority funds the school
  - the governing body employs the staff
  - the governing body buys in and administers most of the support services
  - the pupils have to follow the national curriculum
  - the admissions policy is determined and administered by the governing body, in consultation with the local authority and other relevant schools in the area.
  
- **Community School:**
  - the local authority owns the land and buildings, but the governing body is responsible for running the school
  - the local authority funds the school
  - the local authority employs the staff
  - the local authority provides support services, for example, psychological services and special educational needs services
  - the pupils have to follow the national curriculum
  - the admissions policy is usually determined and administered by the local authority.
  
- **Voluntary Controlled School:**
  - the buildings are owned by a voluntary organisation, usually a church, but the governing body is responsible for running the school
  - the school is funded by the local authority
  - the local authority employs the staff
  - the local authority provides support services
  - the pupils have to follow the national curriculum
  - the admissions policy is usually determined and administered by the local authority.
  
- **Voluntary Aided School:**
  - the buildings are normally owned by a voluntary organisation, usually a church, but the governing body is responsible for running the school
  - the school is funded partly by the local authority, partly by the governing body and partly by the voluntary organisation
  - the governing body employs the staff
  - the local authority provides support services
  - the pupils have to follow the national curriculum
  - the admissions policy is determined and administered by the governors in consultation with the local authority and other relevant schools in the area.
  
- **Nursery School:** offers early education mainly for eligible three and four year olds.

- **Special School:** where pupils have been assessed and given a statement of special education needs – these schools could be community, voluntary or foundation schools.

**Annex B**  
**LIST OF BANKS AND BUILDING SOCIETIES AT WHICH SCHOOLS**  
**MAY HOLD ACCOUNTS**

**Bank of Scotland**  
**Barclays Bank**  
**Credit Suisse**  
**HSBC Bank**  
**Lloyds TSB**  
**National Westminster**  
**Nationwide Building Society**  
**Royal Bank of Scotland**  
**Ulster Bank**

This list reflects the NCC Treasury management section's counterparty list for institutions available to invest in as at June 2013. We are only permitted to place official funds with AAA rated countries and with institutions that have been rated as sufficiently credit worthy by our Treasury advisors, Sector.

**Annex C**  
**UTILISATION OF SURPLUS BALANCES -**  
**LIST OF EXCEPTIONAL ITEMS TO BE TAKEN INTO ACCOUNT**  
**BEFORE CALCULATING THE PERCENTAGE LIMIT**

- Where the balance relates to formula capital where a school is allowed to retain the balance for a 3 year period to enable the affordability of a capital project to be achieved (note includes capital expenditure on IT).
- Where a revenue balance relates to earmarked external funding which has been received but not yet spent.
- For Nursery Schools, 25% (subject to a maximum of £50,000) of their Early Years Single Funding Formula (allocation for 2013-14).
- Where a revenue balance relates to SEN funding which applies to (or will be utilised in) the next financial year (subject to a maximum of 20% of the school 2013-14 Notional SEN budget).
- Where a revenue balance relates to unspent Pupil Premium (subject to a maximum of the 2013-14 Pupil Premium allocation).
- Where a primary school of 100 or less pupils due to changing circumstances and greater uncertainty needs to set aside an additional amount (maximum £20k and reasons to be specified)
- Where a school has an arrangement under an area partnership to hold funds relating to that partnership for a number of schools.
- Where revenue expenditure has been set aside to meet necessary additional costs of an approved scheme within the capital programme, such as furnishing a new classroom (including VA Governors 10% capital contributions) subject to evidence that use of the balance is included in the school Asset Management Plan.
- Where revenue funding for repairs and maintenance have been set aside for specific items or projects subject to evidence that use of the balance is included in the school Asset Management Plan.
- Where a school receives any late funding issued by the local authority in the current financial year (which has not yet already been spent) or any funding issued in advance of the next financial year.
- Where the balance relates to a surplus or deficit arising from Community Focused School activities (Children's Centres and Neighbourhood Nurseries).

## ANNEX D

### NCC ASSET PURCHASE (LOAN) SCHEME FOR SCHOOLS (Updated September 2012)

#### INTRODUCTION

1. **Funding the Scheme.** The source of funds for the scheme will be from the accumulated school balances held with the County Council's recognised bankers. The scheme is entirely self financing and simply represents an efficient way of maximising and "recycling" existing school balances. In no way should the scheme be seen as jeopardising individual school balances or affecting the right of a school governing body to use these balances. These will be secured, with a guarantee of replenishment.
2. **Advantages of the Scheme:**
  - a. Schools can initiate beneficial projects sooner rather than saving over a number of years.
  - b. A loan will enable schools to plan on a rational and prudent basis for a longer timescale than at present using a combination of savings and emergency reserves.
  - c. A loan scheme offers potential to unlock a substantial element of existing school reserves whilst offering security and reassurance to schools that balances will be replenished over a number of years.
3. **Eligibility.** The Scheme is open to all NCC schools which meet the criteria defined below.

#### TERMS AND CONDITIONS

4. **Purpose of Loan**
  - a. NCC will make a loan for any purpose it agrees is in the interests of the school, provided it is for the enhancement, replacement or provision of an asset that will have a life at least as great as the duration of the loan.
  - b. **Commentary.** This is designed to make the scheme as flexible as possible whilst ensuring that NCC acts in the spirit of the SSAF Act 1998.
5. **Maximum Amount of Loan**
  - a. This will be calculated as 3% of the current school budget share (excluding rates) times the number of years of the loan, subject to the annual repayment not exceeding 3% of the school budget share. Sums less than £10,000 will not normally be considered as suitable for asset loan finance. This reflects the current capital financing/accounting regulations.



- b. A school in a deficit budget position will not normally be granted an asset loan until the deficit has been repaid in full.
- c. A school which is planning to convert to an academy will not be granted an asset loan unless evidence is provided to confirm that the academy or where relevant the sponsor is willing to accept the terms of any remaining asset loan.
- d. **Commentary.** This is a prudent calculation of a school's "credit rating". If a school did experience unexpected changes in its budget it would only need to find a maximum of 3% of its annual budget to repay the loan.

## 6. Duration

- The minimum loan period shall be 1 year, spanning 2 financial years, the maximum period being 5 years from the first repayment date.
- **Commentary.** Any expenditure of less than one year can be accommodated within a school's total resources. Five years is considered to be a school's maximum planning horizon.

## 7. Security

- a. A school may have as many loans as it wishes, subject to availability of resources and the total not exceeding the maximum outlined above, with each individual loan being in excess of £10,000.
- b. **Commentary.** Provided that the credit rating referred to above is not exceeded, a school may wish to undertake more than one project at a time. Where demand exceeds the amount available for loan, a school without a loan would have a higher priority than a school with an existing loan.
- c. NCC will require evidence from the Governing Body that the school is able to meet the repayments, that the scheme is in the interests of the school, and that the loan is actually spent on the purpose intended.
- d. Loans will only be made available to the school when approved by the Director for Customers, Communities and Learning and after the school signs and submit the application form to confirm that they agree with the terms and conditions of the loan.
- e. The loan is to be repaid in full if the school converts to an academy unless the continuation of the loan is agreed as part of the NCC transfer agreement or the academy sponsor fully accepts the terms of the remaining loan.
- f. Any failure to meet the repayment amount will result in the unpaid amount automatically being deducted from the next bank advance being made to the school.

- g. **Commentary.** This provides a number of assurances that the school is not overextending itself and that the agreement with NCC is actually fulfilled.

## 8. Availability

- a. Applications for loans will be dealt with on a first come first served basis.
- b. **Commentary.** NCC will need to agree that any loan is in the interests of the school.

## 9. Interest

- a. Will be determined on 1 March each year by reference to the rate of interest on Public Works Loans Boards (PWLB) loans for one year's duration plus an administration fee not exceeding 1% calculated on the debt outstanding. That interest rate will apply for both new and existing loans until revised one year later.
- b. Schools who apply for a loan who are not part of the NCC pooled banking arrangements will be charged an additional premium of 0.5% above the PWLB rate for an asset purchase loan.
- c. **Commentary.** This will ensure all administrative costs are recovered whilst being very simple to operate. The additional premium is considered a fair approach because the loan will be effectively funded from other schools balances that are part of the pooled arrangements.

## 10. Repayment of Principal and Interest:

- a. Will be by invoicing schools during the year. For loans made before 1 September, the initial repayment will be in the same financial year as the loan. Loans after 1 September will not require repayment until the following financial year.
- b. **Commentary.** This will guarantee payments are actually made to NCC and that procedures are administratively simple

- 11. **Early Repayment.** A school may repay the loan and any accrued interest and administrative fee in full at any time.

## 12. Approval

- a. A request for a loan must be made by resolution of the full governing body and agreed by the **Director for Customers, Communities and Learning**. Payment of the loan will be made by the NCC Head of Finance provided all the above criteria have been met.
- b. **Commentary.** This will ensure that a school has fully considered all the implications and is not requesting such a facility lightly. The role of the NCC Head of Finance will be not just to administer the scheme, but also to provide an independent check that Scheme conditions are met.

**13. Applying for a Loan**

- a. The Asset Loan Calculator should be completed and printed first; this is on the [Guidance and Procedures page](#) of the LGSS Schools Finance website.
- b. The application form should also be filled in, agreed and countersigned accordingly. Both of these forms should then be sent to:

LGSS Schools Finance  
John Dryden House  
8 – 10 The Lakes  
Northampton  
NN4 7YD



## Annex E

### NCC EQUIPMENT PURCHASE SCHEME FOR SCHOOLS (Updated September 2012)

#### INTRODUCTION

1. **Funding the Scheme.** The source of funds for the scheme will be from the accumulated school balances held with the County Council's recognised bankers. The scheme is entirely self financing and simply represents an efficient way of maximising and "recycling" existing school balances. In no way should the scheme be seen as jeopardising individual school balances or affecting the right of a school governing body to use these balances. These will be secured, with a guarantee of replenishment.
2. **Advantages of the Scheme**
  - a. Provides an attractive option which is cost-effective to schools, effectively eliminating the need to undertake external lease arrangements.
  - b. Protects schools from the risk associated with external operating leases.
  - c. Facilitates the planning of equipment provision on a rational and prudent basis and over a longer timescale than at present, therefore improving value for money.
  - d. Makes the level and timing of repayment costs clear from the outset.
  - e. Is a simple, easy to understand process.
3. **Eligibility.** The Scheme is open to all schools which meet the criteria defined below.

#### TERMS AND CONDITIONS

4. **Purpose of Loan**
  - a. NCC will make a loan provided it is for the purchase of equipment. This scheme assumes that ALL equipment will last for three years and this is reflected in the loan period.
  - b. **Commentary:** This assumption is based upon past experience and is a prudent assessment of the useful life of equipment.
5. **Maximum Amount of Loan**
  - a. This will be calculated as 1% of the current school budget share (excluding rates) times the number of years of the loan, subject to the annual repayment not exceeding 1% of the school budget share. Sums less than £5,000 will not normally be considered as suitable for loan finance.

- b. A school in a deficit budget position will not normally be granted an equipment purchase loan until the deficit has been repaid in full.
- c. A school which is planning to convert to an academy will not be granted an equipment purchase loan unless evidence is provided to confirm that the academy or where relevant the sponsor is willing to accept the terms of any remaining asset loan.
- d. **Commentary:** This is a prudent calculation of a school's "credit rating". If a school did experience unexpected changes in its budget it would only need to find a maximum of 1% of its annual budget to repay the loan.

## 6. Duration

- a. The loan period shall be 3 years.
- b. **Commentary:** Three years is considered to be a school's maximum planning horizon.

## 7. Security

- a. A school may have as many loans as it wishes, subject to availability of resources and the total not exceeding the maximum outlined above, with each individual loan being in excess of £5,000.
- b. **Commentary:** Provided that the credit rating referred to above is not exceeded, a school may wish to undertake more than one purchase at a time. Where demand exceeds the amount available for loan, a school without a loan would have a higher priority than a school with an existing loan.
- c. NCC will require evidence from the Governing Body that the school is able to meet the repayments, that the purchase is in the interests of the school, and that the loan is actually spent on the purpose intended.
- h. Loans will only be made available to the school when approved by the Director for Customers, Communities and Learning and after the school signs and submit the application form to confirm that they agree with the terms and conditions of the loan.
- d. Any failure to meet the repayment amount will result in the unpaid amount automatically being deducted from the next bank advance being made to the school.
- e. **Commentary:** This provides a number of assurances that the school is not overextending itself and that the agreement with NCC is actually fulfilled.

## 8. Availability

- a. Applications for loans will be dealt with on a first come first served basis.

- b. **Commentary:** NCC will need to agree that any loan is in the interests of the school.
9. **Interest.** Interest on the loan will be calculated on a reducing balance basis. This will be based on the bank base rate plus 2% at the time the loan is requested.
10. **Repayment of Principal and Interest**
- a. Once the loan has been approved, the school will be advised and will be required to send the invoice for the equipment to LGSS Exchequer Accounting for payment. The school will then be invoiced for 1/3 of the equipment cost. This forms the first payment charge which attracts no interest charge.
- b. The total outstanding repayments (including interest) are then aggregated and split into two even payments. The repayment will be invoiced annually on the anniversary of the month the loan was awarded.
- c. **Commentary:** This will guarantee payments are actually made to NCC and that procedures are administratively simple.
11. **Early Repayment.** A school may repay the loan and any accrued interest and administrative fee in full at any time.
12. **Approval**
- a. A request for a loan must be made by resolution of the full governing body and agreed by the Director for Customers, Communities and Learning. Payment of the loan will be made by the NCC Head of Finance provided all the above criteria have been met.
- b. **Commentary.** This will ensure that a school has fully considered all the implications and is not requesting such a facility lightly. The role of the NCC Head of Finance will be not just to administer the scheme, but also to provide an independent check that Scheme conditions are met.
13. **Applying for a Loan.**
- a. The Equipment Purchase Loan Calculator should be completed and printed first; this is on the [Guidance and Procedures page](#) of the LGSS Schools Finance website.
- b. The application form should also be filled in, agreed and countersigned accordingly. Both of these forms should then be sent to:

LGSS Schools Finance  
John Dryden House  
8 – 10 The Lakes  
Northampton  
NN4 7YD

**APPLICATION FOR LOAN –  
NCC EQUIPMENT PURCHASE SCHEME**

Name of School \_\_\_\_\_ DfE Number \_\_\_\_\_

Purpose of Loan: \_\_\_\_\_

Detail of Equipment \_\_\_\_\_

A	Life of Equipment	3 Years
B	Total Price of the Equipment	£ _____
C	2/3 of the equipment price	£ _____
D	Formula Budget Share for current year:	£ _____

A full meeting of the Governing Body must have approved the submission of this application;

Date of Governing Body meeting: \_\_\_\_\_

We understand and accept the terms and conditions contained in the NCC Scheme for Financing Schools under which this loan is being made available. We further understand that, if the school is not part of NCC's pooled arrangements for banking, we will be required to pay an additional interest premium of 0.5%.

Signatures (both required):

Headteacher: \_\_\_\_\_ Name: \_\_\_\_\_

Chair of Governors: \_\_\_\_\_ Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Once completed, attach a copy of the NCC Equipment Purchase Loan Calculator and return to:**

LGSS Schools Finance  
John Dryden House, 8–10 The Lakes  
Northampton NN4 7YD

**For Office Use:**

Loan Authorised: \_\_\_\_\_ Signature Date: \_\_\_\_\_



## CAPITAL/REVENUE SPLIT - BASED ON THE CIPFA CODE OF PRACTICE

ELEMENT	CAPITAL	REVENUE
<b>Roofs:</b>		
<u>Flat</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed
	Screed/insulation in a new building/extension	Repair/replacement of screed/insulation where defective
	Screed/insulation. Replacement/repair of substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair/replace small areas of roof
	Finish on new build. Replacement of all/substantially all on existing roof	Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy
	Edge Trim/Fascia on new build	Repairs/replacement. (Upvc) Repainting
	Edge Trim/Fascia, Replacement of all/substantially all on existing roof	Repair/replacement. (uPVC) Repainting.
	Drainage on new build	Clearing out gutters and down pipes. Replacement/repair/repainting of/individual gutters/pipes
	Other e.g. Flashings, Roof lights on new build. Replacement of all/substantially all on existing roof	Repair/Replacement/cleaning of individual items

Pitched	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/repair small areas of rotten/defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/increasing thickness of insulation in an existing roof
	Insulation. Replacement/repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/damaged
	Bargeboards/Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/replacement/repainting
	Drainage in a new building/extension	Clearing out gutters and down pipes. Replacement/repairs of individual pipes/gutters
	Drainage. Replacement of all/substantially all on existing roof	
Other	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/Replacement/cleaning
	Provide new covered link etc between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link	
	Add porch etc to existing building	Minor repairs, maintenance to existing
	Rebuild or substantially repair structure of existing porch	

**Floors:**

Ground Floor	Structure and dpc in new building	Repair/replacement of small parts of an existing structure
	Structure and dpc – Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor – e.g. replacement of most carpets/tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/mat wells. Maintenance e.g. revarnishing wooden floors.
Upper Floor	Structure – as ground floor	As ground floor
	Screed and Finish – as ground floor	Repairs of finishes/ Replacement – as ground floor

**Ceilings:**

<u>Top/only storey</u>	Suspension	Repair/replacement incl. From water damage, and necessary decoration
	Membrane	
	Fixed	Repair/replacement inc. from water damage
	Access panels	Repair/replacement
Lower storeys	Suspension	Repair/replacement
	Membrane	
	Fixed	Repair/replacement
All	Specialist removal/replacement of damaged/disturbed Asbestos based materials, planned or emergency	Inspection/air testing/Applying sealant coats to asbestos surfaces for protection

**External walls:**

<u>Masonry/ cladding</u>	Structure Underpinning/propping for new build	Repairs Preventive measures e.g. tree removal
	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 existing build where needed to prevent imminent or correct actual major failure or the structure e.g. repointing/recladding work affecting most of a building/replacement build	
<u>Windows and Doors</u>	Framing – new build	Repair/replacement of individual frames. Repainting frames
	Framing – structural replacement programme	Repair /replacement of individual windows. Repainting frames.
	Glazing – new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improvement security	Repair/replacement upgrading locks etc
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation
<u>Masonry Chimneys</u>	Structure	
	Jointing including expansion and mortar joints/pointing/DPC	Repair/re-pointing
<b>Internal walls:</b>		
Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/linings tiles, pin boards etc.

	Refurbishment and alterations	Minor alterations
Partitions	Complete structure including linings, framing, glazing, decoration etc	Repairs and decoration
	Refurbishment and alterations	Minor alterations
<u>Doors &amp; Screens</u>	Framing/Screens/Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
All	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
<b>Sanitary Services:</b>		
Lavatories	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/replacement of damaged fittings, waste plumbing etc.
Kitchens	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 Redecoration
	General refurbishment	Repairs
	Large and costly items of equipment	Repairs/replacement parts
<b>Mechanical Services:</b>		
<u>Heating/hot water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects.

	Safe removal of old/damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring Systems Health & Safety issues.
	Planned replacement of old boiler/controls systems past the end of their useful life	Replacement of defective parts
	Emergency replacement of boiler plant/systems	
Cold water	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.
Gas	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All Servicing
Ventilation	Mechanical ventilation/air conditioning to major projects	Provision of local ventilation. Repair/replacement of defective systems and units
Other	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.
<b>Electrical Services:</b>		
General	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.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
Power	Control gear, distribution, fixed equipment, protection etc	All testing, repair and replacement of small items of equipment

Lighting	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
Other	Lightning protection in new build Alarm systems, CCTV, lifts/hoists etc	Repair/replacement Repair and maintenance
	New installation of communication systems, radio/TV, call telephone, data transmission, IT etc. and provision in new build.	Repair/replacement/ maintenance, including all door access systems
<b>External Works:</b>		
Pavings	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.
Miscellaneous	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.
Drainage	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.
Open air pools	Structure, Hygiene/safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy savings systems.
<u>Services Distribution</u>	Heating mains, gas mains, water mains, electricity mains, renewal of any above.	Annual servicing.