
Hertfordshire County Council

Financial Handbook for Schools

Part II: Scheme for Financing Schools

April 2019



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SECTION 1 Introduction

1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998 and further defined by the annual School and Early Years Finance (England) regulations 2012.

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

Local 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 approved by the Secretary of State. All revisions to the scheme must also be approved by the Secretary of State, who has power to modify schemes or impose one.

Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50.

An authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and LEA Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

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

Regulations also require a local authority to publish their scheme and any amendments to it in a manner they determine.

1.2 The role of the scheme

The scheme is founded on seven principles:

- Raising standards in schools
- Self-management for schools
- Clear accountability of both Authority and school
- Transparency of school finances
- Opportunity for schools to take greater responsibility for management decisions
- Equity between the categories of community, voluntary and foundation schools
- Efficiency and value for money for schools and the Authority

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

1.2.1 Application of the scheme to the Authority and maintained schools

The scheme applies to all community, nursery, voluntary, foundation, community special, foundation special schools and pupil referral units (known locally as Education Support Centres) maintained by the Authority. A list of schools covered by the scheme is shown at Annex A. It does not apply to academies.

New maintained schools will be covered by the scheme by virtue of section 48 of the School Standards and Framework Act 1998.

1.2.2 Responsibility of the governing body

All governing bodies have full responsibility for the management of the school's budget and for the appointment and dismissal of teaching and non-teaching staff, taking into account the professional advice of the Director of Children's Services and the Headteacher.

Governing bodies are required:

- to spend their budgets in a manner which is consistent with the implementation of the National Curriculum and with the statutory requirements relating to the curriculum as a whole, including religious education and worship;
- to operate an effective and efficient education service within the strategic framework set by the Authority for the benefit of their pupils;
- to operate within their budget share;
- to meet the actual cost of all expenditure from their delegated budget.

The Authority will issue documents of instruction, advice and guidance, and will otherwise provide support to governing bodies and headteachers to assist them in the exercise of their responsibilities, including advice on personnel and employment issues. In particular, schools are referred to the documents listed in paragraph 11.13.

1.3 Publication of the scheme

The current scheme will be published via the Authority's web site for schools. Any changes will be announced via the schools bulletin service.

Following major changes to the scheme, a copy of the scheme will be supplied to the governing body of each school covered by the scheme.

1.4 Revision of the scheme

Revisions to the Scheme which are proposed by the Authority will be subject to consultation with schools and may be approved by either Schools Forum members representing maintained schools or the Secretary of State.

Under the Education Act 2012, the Secretary of State has the power to issue directed revisions to local authority schemes for financing schools. This means that authorities must incorporate within, or remove from, their schemes the specified wording and no other process is needed in order to make the changes. It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction

The power of directed revision will be used sparingly, to remove outdated provisions and to insert new provisions that are required for the implementation of policy.

1.5 Delegation of powers to the headteacher

The governing body 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. There are some powers that should not be delegated, in particular approval of the annual budget and the school's three year financial plan. Further information on this is set out in part 1 of the Financial Handbook for Schools. Such decisions by the governing body will be subject to any requirements of regulations to be made under section 38 of the Act, and Schedule 11 thereto.

1.6 Maintenance of Schools

The Authority has ultimate responsibility for maintaining the schools covered by the Scheme, and this includes the duty of defraying the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). However, in most cases this responsibility is devolved in its entirety to those schools' governing bodies covered by this scheme. Part of the way an Authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

SECTION 2 FINANCIAL REQUIREMENTS

2.1.1 Application of financial controls to schools

Schools are required to abide in the management of their delegated budgets by the Authority's requirements on financial controls and monitoring, not only those in the Scheme but also those contained in the publications set out in section 11.13. In the event of serious or persistent non-compliance the Authority would exercise its right to issue a Notice of Concern or to withdraw delegation.

2.1.2 Provision of financial information and reports

Schools are required to provide the Authority with details of anticipated and actual expenditure and income, at intervals and times agreed between the Authority and the Schools Forum.

Current arrangements for the format of reports and the timetable for returns are set out on the School Funding Unit pages of the Hertfordshire Grid for Learning (www.thegrid.org.uk/info/sfu/).

Some schools will be required by the Authority to submit returns on a more frequent basis. Schools will be notified if more frequent returns are required and how frequent these returns will be. This will usually apply to schools who;

Are schools in financial difficulty

Those schools who consistently fail to produce adequate returns

Where Internal Audit deem it required for assurance purposes

Schools where delegation is removed

2.1.3 Payment of salaries; payment of bills

All salaries, wages, fees and other remuneration due to staff and other individuals, whether under formal contract of employment or not, must be paid through a payroll system approved by the Assistant Director Finance - Resources.

The criteria defining a system acceptable to the Assistant Director Finance – Resources are set out in part 14 and annex H of the Financial Handbook for Schools.

Where the school appoints a payroll provider other than the Authority's payroll agent, any costs, calculated on the basis of a published schedule, arising from the consolidation of returns, including TPA, are payable by the school.

Procedures for payment of salaries, wages and fees and other remuneration due to staff and other individuals are set out in the Financial Handbook for Schools, part 14 and its appendices. Schools must ensure that whichever route they take that all statutory requirements are fulfilled

2.1.4 Control of assets

Each school is required to maintain an inventory of its moveable non-capital assets, in a form to be determined by the Authority. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. Schools should register anything that is portable and attractive, such as a camera.

The governing body should authorise all write-offs and disposals of surplus stocks and equipment with a value above £500. All items for disposal above a predetermined sum should be subject to competitive quotations.

Items of property, other than land or buildings, funded through the budget share may be sold, where they are considered surplus to educational needs and where disposal does not interfere with the efficient running of the school. Any such disposal shall be made at the best obtainable price and the funds should be re-deposited in the School's General Account. Other items may not be disposed of without the prior approval of the Director of Children, Schools & Families.

All disposals should be recorded. There may be a VAT liability in the sale proceeds. Further information is set out in part 12 of the Financial Handbook for Schools.

Thefts should be reported to departmental management and Internal Audit and, where appropriate, the Insurance Officer and Police.

The governing body shall ensure that assets such as land, buildings, plant etc. are managed properly and are safeguarded against misuse, theft and undue deterioration.

Governors cannot dispose of land and buildings; however the Incentive Scheme may allow a governing body to take a share of the proceeds of such a sale.

Further regulations and standards on the control of assets and the content of an inventory record are provided in part 5 of the Financial Handbook for Schools. The inventory record should be kept up to date in terms of acquisitions, disposals, etc. and should be checked at least annually and certified correct.

2.1.5 Accounting Policies (including year-end procedures)

Schools are required to abide by procedures issued by the Authority relating to accounting policies; these can be found in the part 4 of the Financial Handbook for Schools and as issued by the Authority from time to time.

2.1.6 Writing off of debts

Schools are required to draw up a policy or procedure for dealing with any debts leading, if necessary, to their write-off. Such a policy should ensure that staff are clear about how to deal with debts and that debtors receive consistent treatment. Part 11 of the Financial Handbook for Schools provides guidance on this.

A debt may only be written off with the prior approval of the relevant officer or body, which depends on the amount of the debt as shown below:

- up to £500 – the Governing Body may authorise a write off, where income accrues to the school; otherwise the approval of the Finance Business Partner for Children Services is required.
- over £500 – the Governing Body, with agreement of the Finance Business Partner for Children Services.

Where the governing body write off debts, these shall be formally recorded and the record retained for seven years.

Schools must contact the Debt Management team, in the first instance, in respect of pursuing outstanding debts. Further information is set out in section 11 of the Financial Handbook for Schools.

The County Council's Chief Legal Officer, who will advise on the correct course of action, is the only person who may initiate legal action in respect of outstanding debts. Schools considering legal action must contact Debt Management team via the contact details set out in section 11 of the Financial Handbook for Schools.

2.2 Basis of accounting

Annual reports and accounts, furnished to the Authority must be on an accruals basis. In-year monitoring reports should be prepared on an accruals basis, however a cash basis may be accepted on agreement of the Authority.

Further information is set out in part 3 of the Financial Handbook for Schools.

2.3 Budget plans and Financial Forecasts

Each school must submit an annual financial plan to the Authority showing its anticipated income and intentions for expenditure in the current financial year and the assumptions underpinning the financial plan. The date at which the plan must be submitted will be agreed between the authority and the Schools Forum, subject to the latest date permitted in law which is 31 May. The budget plan should take into account the surplus / deficit carried forward at the previous 31 March.

It is good practice for the budget plan to include projections into future years. The Authority is empowered to require schools to provide financial plans covering all years for which indicative budget shares have been published to schools, but will only exercise this power where there is cause to examine information about individual schools' forward plans.

The format of the Annual Budget Return will be specified by the Authority and published at the same time as budget share information. The Authority will also

publish guidance on matters which are likely to be the same for the majority of schools, for example inflation factors. The Authority will publish centrally held information about schools finance including Section 251 budget and out-turn statements, and management information prepared from the Annual Budget Returns.

Each school must provide in-year monitoring returns to the Authority including a revised out-turn forecast which takes account of any virements made between budget headings and the latest expenditure information known to the school. The format of this return will be based on the Consistent Financial reporting format defined by the DFE, and the frequency at which it is required will be agreed between the Authority and the Schools Forum. The in-year monitoring return will be required on a monthly basis where there is cause for concern about financial management in the school.

2.4 School Resource Management

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

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

There are significant variations in the effective management of resources between similar schools and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

2.5 Virement

Schools are allowed to vire freely between budget heads in the expenditure of their delegated budget shares. This freedom does not apply to earmarked funds.

2.6 Audit: General

The accounts of all schools with delegated budgets are subject to regular internal audit, and should also be available for inspection as necessary by Hertfordshire's external auditors. In this respect schools will be audited within the regime set out in, Section 4 of the Financial Handbook for Schools.

The auditors' roles include:

- the assessment of the adequacy of schools' stewardship of public funds by recording compliance with standards of financial management contained in this scheme, the County Council's financial regulations and standing orders and the school's own internal control arrangements;
- assessing the achievement of value for money; and
- Investigation of fraud and irregularity.

Whilst schools may be subject to direct external audit, generally speaking the Authority's external auditors will assess the reliance it can place on the County

Council's Internal Audit Service to avoid duplication of effort, and will therefore not engage significantly in the inspection of individual schools' accounts.

Schools that contract with external payroll providers must make provision within their contracts to allow access on the part of the Authority's auditors to relevant records held by the bureau, should such access prove necessary, and for reasonable co-operation to enable the Authority's auditors to complete their enquiries effectively.

The governing body and school staff are required to provide auditors and inspectors with any explanations the latter consider necessary in the performance of their duties.

The headteacher should consider and respond promptly to the recommendations in audit and inspection reports and report directly to the governing body on the results of audit or any action to be taken by the school.

The headteacher or governing body should immediately notify the Director of Childrens Services Education and Early Intervention of any suspected irregularity, who will immediately inform the Counter fraud Manager

2.7 Separate external audits

A governing body may spend funds from its budget share to obtain external audit certification of its accounts, separate from any Hertfordshire internal or external audit process. This audit would need to take into account the status of the school as a spender of Authority funds, rather than an institution spending its own funds.

2.8 Audit of voluntary and private funds

The Governing Body must provide the Internal Audit with details of each private, voluntary or trading organisation account and notify them of any additions or changes to these, as part of the SFVS submission.

At the end of each financial year the final accounts of the private and voluntary funds require to be prepared and to have an independent examination/audit. An independent examiner could be any person not involved with the running of the school with a financial knowledge. Therefore it cannot be a governor but could be a parent, a person in the local community, a suitably qualified person from another school or request for a HfL Financial Services to audit the accounts.

An audit certificate should be available for inspection. This should be completed by the examiner to state they are an accurate set of accounts. This certificate and what an independent examination consists of can be found at Annex B (Definitions of 'audit' and 'independent examination') and Annex I (Proforma) of the Financial Handbook for Schools. Whilst the SFVS standard asks for an audit Hertfordshire will accept an independent examination in line with the Charity Commission's guidelines. This states that the governors can opt for an independent examination as opposed to a statutory audit for fund accounts with gross income under £500,000.

Further details information is set out in section 7 of the Financial Handbook for schools.

2.9 Register of business interests

The Governing Body of each school is required to have a register which lists for each member of the governing body and the head teacher:

- Any business interests that they or any members of their immediate family have;
- Details of any other educational establishments that they govern;
- Any relationships between school staff and members of the governing body;
- And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the authority and to publish the register to the public, for example on a publicly accessible website.

The register should also identify any business, commercial or financial interests of other members of staff, or their immediate family, where they have an influence on the selection of suppliers, or involvement in payment to suppliers, or other significant dealings with the supplier such as approving work or deliveries.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters except where these would require schools:

- To do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive.
- To seek Authority officer countersignature for any contracts for goods or services for a value below £100,000 in any one year.
- To select suppliers only from an approved list.
- To seek fewer than three tenders or quotations in respect of contracts with a value exceeding £10,000 in any one year.

Schools should assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures.

Schools are required to achieve efficiency and value for money from all of their purchases. The governing body must ensure that proper procedures and best practice are exercised to obtain goods and services in the most cost-effective way. They must be purchased from the cheapest sources commensurate with the required quality, performance and delivery. There are various ways of establishing whether the prices being obtained are competitive. Consulting Hertfordshire Business Services, checking trade journals and catalogues and seeking quotations or formal tenders are all

examples of good practice, depending upon the nature and value of the purchase concerned. Parts 9,10 and associated appendices of the Financial Handbook for Schools, highlights the procedure schools should adopt in testing the market. The Schools Commissioning and Procurement Guide is a key resource which provides details guidance on procurement procedures to enable compliance with applicable contract regulations.

Schools may seek advice on a range of compliant deals via [Buying for schools](#)

2.11 Application of contracts to schools

All Corporate contracts rely upon the commitment of participants throughout their term. In the case of contracts such as energy, or equipment maintenance and servicing arrangements, schools will have been given the opportunity to withdraw prior to any commitment being entered into by the County Council. In these cases, schools will remain committed for the term of the contract. There will be no extension of the contract or any new commitment entered into by the Authority, on behalf of any school, without the agreement of the school.

In the case of the payroll provider contract where the Authority has an existing commitment on behalf of schools, a school may only withdraw from the contract if it meets the conditions set out in part 14 of the Financial Handbook for Schools and paragraph 2.1.3 of this document and gives four months notice of its intention to withdraw.

In all other cases the school may opt out of the relevant contract in accordance with the termination notice required.

Although governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards & Framework Act 1998 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. This is the main reason for allowing Authorities to require Authority counter-signature of contracts exceeding £100,000. 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.

2.12 Central funds and earmarking

The Authority is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions showing the purpose or purposes for which the funds may be used, as set out in the Financial Handbook for Schools and/or regulations that may be published from time to time.

Earmarked funding allocated from centrally retained funds can only be spent for the purposes for which it is allocated, and cannot be vired into other budget headings. The

authority may recover earmarked funds which are not spent for the purposes prescribed or not spent within the specified time period. All earmarked funds must be reported in the form laid down by the authority.

The Authority may delegate responsibilities, and the accompanying resources, previously financed from the centrally retained elements of the Schools Budget or from the LEA Budget following consultation with all schools and with the advice of the Schools Forum.

The Authority may not make any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific grant.

2.13 Spending for the purposes of the school

Governing boards can spend their budget shares for the “purposes of the school” or for any other purposes specified by the Secretary of State through regulations and any provisions of the scheme. 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.

Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. The School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190) allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

Governing bodies can spend their budget shares for the purposes of providing education for Children on the school roll, as provided for in the School Standards & Framework Act 1998, and other relevant legislation, and in the Articles of Government of the school. This will include expenditure on:

- the employment of staff
- the upkeep and improvement of premises, including the cost of equipment and routine repairs and maintenance
- the provision of the curriculum
- the general duties and responsibilities relating to the management and government of the school
- spending for pupils on the roll of another maintained school

2.14 Capital spending from budget shares

The governing bodies can use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work that is its responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. The definitions of capital for this purpose are set out in Annex B. The governing body must notify the Council’s Property Services of **all** capital expenditure. Schools must take into account any advice from the Director

of Children's Services as to the merits of proposed expenditure which exceeds £50,000 (Primary, Infant, Junior, First) or £100,000 (Secondary, Middle, Upper) and provide an opportunity for comments to be made. If the County Council owns the premises, or the school has voluntary controlled status, then the governing body must seek the consent of the Authority to the proposed works, but such consent can be withheld only on health and safety grounds. Part 8 of the Financial Handbook for Schools sets out the Authority's requirements with regard to Capital.

Schools are required to separately identify these works in any financial returns made to the Authority.

2.15 Notices of Concern

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

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

These may include:

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

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

2.16 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 maintained schools with a delegated budget must submit the form to the local authority before 31st March each year.

2.17 Fraud

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

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

SECTION 3 INSTALMENTS OF BUDGET SHARE: BANKING ARRANGEMENTS

3.1 Frequency of instalments

The budget share, with the exception of funding for early years, will be made available to governing bodies of all maintained schools on the following basis;

- Instalments will be made on a monthly basis preceded by an instalment paid on 1 April equivalent to 4% of the Gross Budget Share value.
- This will be followed by a payment equal to 8% of the Gross Budget Share value to be made from April to March. These will be made on the banking day closest to the 18th day of each month.

Funding from the Early Years Block is paid on the following basis;

Budget share instalments paid from the Early Years block will be paid on the following basis;

4% April, 6% each month April to Aug, 9% each month September to December, 9.5% each month January to March.

Place-led funding is included in arrangements for payments by instalment. Top up payments should 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

The whole of each school's budget share is paid into the school bank account in instalments in line with the frequencies set out in the preceding paragraph. The budget share includes resources for all pay costs that are delegated to schools.

3.3 Interest deduction

No interest rate deduction is made from school budget share payments to school accounts.

The Authority will make no deduction, in respect of interest costs to the LEA, from payments to schools of devolved specific or special grant.

3.4 Interest on late budget share payments

The Authority will add interest at the current Bank of England base rate to late payments of budget share instalments, where such late payment is the result of Authority error.

3.5 Budget shares for closing schools

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

3.5 Bank and building society accounts

All Hertfordshire maintained schools have external bank accounts into which their budget shares will be paid. Schools retain all interest payable on the account.

3.5.1 The majority of maintained schools use the County Council's banking services which are currently provided under contract by Barclays Bank. For those schools wishing to use other banks, schools should use banks domiciled in the UK that have a credit rating issued by the credit rating agencies, Standard & Poor, Fitch and Moody's. The credit rating must have a long term credit rating of BBB- or above in the case of Standard and Poor and Fitch. In the case of Moody's the credit rating must have a long term credit rating of Baa3 or above.

3.5.2 Schools must notify the Authority of all their banking arrangements. The account mandate of any bank account that is in the name of the school must provide that the authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended.

3.5.3 Money paid by the Authority and held in school bank accounts remains the property of the authority until spent.

3.6 Overdrafts and borrowing by schools

Governing bodies may only borrow money only with the written permission of the Secretary of State. Schools must not go into overdraft except in exceptional circumstances.

If a school anticipates that it is likely to go into overdraft it should immediately inform the Finance Manager, Education and Schools. Any costs arising from this situation will be borne by the school.

Schools are encouraged to use procurement cards to facilitate electronic purchasing. Schools may also wish to permit the use of credit or charge cards. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis.

Schools are expressly forbidden to enter into finance lease agreements and should consult with Hertfordshire County Council to ensure that any lease agreements are not finance leases before entering into a lease agreement.

Schools may use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme which is designed to support energy saving.

3.7 Other provisions

A school must have a minimum of two and a maximum of four cheque signatories, one of which must be the Headteacher. A second signatory must be a senior member of staff e.g. deputy Headteacher. This does not normally extend to the secretary or bursar, as this is unlikely to result in an adequate segregation of duties. However, in certain circumstances where the secretary or bursar is not involved in payment processing and accounting and provided that an adequate level of internal control is maintained they may be a signatory. No member of the governing body who is not an employee of the Authority or of the governing body may be authorised to sign cheques unless the school can demonstrate that it has arranged insurance to indemnify the Authority against loss.

All cheques of £2,000 and above must be signed by the Headteacher and another authorised signatory. Cheques below the value of £2,000 may be signed by the Headteacher only or, where three or four cheque signatories are appointed, by any two of the other signatories.

All direct debit and standing order mandates must be signed by the Headteacher and another authorised cheque signatory. The bank will confirm the details with one of the authorised signatories before it is actioned.

A governing body may set a lower (but not a higher) limit than the £2,000 above which cheques must be countersigned.

The Finance Director and his/her representatives will have full and immediate access to all documents and records relating to bank accounts. All documents and records relating to bank accounts must be held in a form suitable for inspection by Internal Audit, external audit, Her Majesty's Revenue & Customs and any other authorised persons.

Any discrepancy in the bank account, or any breach of the banking terms, must be reported immediately by the Headteacher to the Authority.

Part 6 and Appendices of the Financial Handbook for Schools, provide further guidance on banking issues.

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

4.1 The right to carry forward surplus balances

Schools will 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 Arrangements for Control of Surplus Balances in Schools

4.2.1 Control Mechanism

Where a school's revenue balance has been identified as being excessive under the terms of this Scheme (i.e. has exceeded the normal maximum level for five consecutive years), the excess will be deducted from the school's budget share for the financial year following the date of the balance.

4.2.2 Closing Revenue Balance

The Authority will calculate by 31 May each year the balance held by each school as at the preceding 31 March. For this purpose the balance will be the sum of all carried forward school revenue balances within the CFR structure.

Balances held in respect of community focussed extended schools services (CFR code B06) will not be counted as revenue balances of the school for the purpose of identifying excessive balances under this Scheme. All other funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the public account of the school.

4.2.3 Normal Maximum Level

For primary, secondary and nursery schools, the Normal Maximum Level for a school's revenue balance is defined as 15% of the school's initial delegated budget share for the closing financial year, adjusted for Early Years pupil funding adjustments.

For ESCs and special school, the Normal Maximum Level is defined as 15% of the income meeting the definition of and recorded in Consistent Financial Reporting lines I01, I02 and I03 in the closing financial year.

Where a school's revenue balance does not exceed the normal maximum level, or where it has exceeded the maximum level by fewer than three consecutive years, the Authority will not require an explanation for the school carrying forward this balance. Where a school's balance has exceeded the normal maximum level for three consecutive years, the Authority will require the school to set out the reasons for which the excess balance is held, and to provide a three year financial plan.

4.2.4 Exceptional Items

The Authority will regard amounts which meet at least one of the following criteria as exceptional items:

- a) Amounts for which the school has a prior year commitment which was not included in the previous year's accounts. The school should explain why these amounts were not included in the accounts and state what steps it has taken to prevent a recurrence.
- b) Amounts held by the school as a consequence of its role as the hub school of a consortium. The school should provide a statement of the balance as agreed by the consortium.
- c) Amounts which the governing body of the school has declared to be assigned for specific purposes, and which the Authority has agreed are properly assigned. The specific purposes must be of a size and significance as would rarely occur.

Where a school does not provide timely evidence of exceptional items as reasons for holding revenue balances higher than the normal maximum level, the school's exceptional items shall be set at zero.

4.2.5 Excessive Balances

Where the school's remaining revenue balance after deducting agreed exceptional items exceeds the Normal Maximum Level as set out above for five consecutive years, and then the excess is deemed to be "excessive".

Where schools have excessive balances, the excess will be deducted from the school's budget share during the new financial year.

4.2.6 Appeals

Schools subject to a claw back will be given sufficient notice of the amount to be deducted and the specific calculation which has been made so that they can, if they wish, make an appeal. Appeals will only be considered on the grounds that either:

- an error has been made in the application of these rules; or
- the Authority has unreasonably refused to recognise a specific purpose;
- declared by the governors as a valid exceptional item;
- Where an appeals panel is necessary, it will be consist of the following:
 - A voting member of the Schools Forum;
 - a representative of the Chief Financial Officer;
 - a representative of the Director of Children's Services.
 - The decision of the Appeals Panel is final.

4.3 Interest on surplus balances

Balances held by the Authority on behalf of schools will not attract interest.

4.4 Obligation to carry forward deficit balances

Where deficits arise, the school's budget plan for the following year should show arrangements for redress, and unless there are exceptional circumstances the Authority will expect that any deficit will be repaid during that period.

At the Authority's discretion and in exceptional circumstances, the school and the Authority will jointly prepare an action plan for eliminating the deficit.

4.5 Planning for deficit budgets

A governing body cannot budget for a deficit and must act during the year to avoid deficits occurring.

4.6 Charging of interest on deficit balances

Overdraft costs relating to deficit balances will be an issue between the school and the bank of its choice.

4.7 Writing off deficits

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

4.8 Balances of closing and amalgamating schools

Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

Where a maintained school is replaced by another maintained school, the Authority may recognise the deficit of a preceding school by reducing the amount of additional funding. It may not set a sum equal to the deficit against any "normal" funding of the new school, i.e. the elements of funding that it would receive if it was not new.

4.9. Licensed Deficits

Where a Governing Board is concerned that it will be unable to agree a balanced budget, contact must be made with the Schools Finance team at Hertfordshire County Council.

4.10 Loan Scheme

The Authority does not operate a loan scheme except in the case of short term revenue loans (cash flow advances) that are required to cover a temporary cash flow shortage. These may be advanced at short notice subject to a written/ email request from the Headteacher and Chair of governors. These loans will be recovered within 3 months of the advance. The Authority reserves the right to charge the School Budget Share if the school fails to comply with this requirement.

The Assistant Director - Finance reserves the right to refuse a loan for any reason.

Interest on the outstanding balance of the loan will be charged at bank base rate plus ½%,. Interest must always be charged. A monthly maintenance fee will also be charged.

SECTION 5 INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises that would otherwise accrue to the Authority, subject to alternative requirements arising from any joint use or PFI agreements. Income from lettings should **not** normally be paid into voluntary or private fund accounts held by the school. Foundation and Voluntary Aided schools have discretion over the destination of lettings income. However, a contribution should be made to the School Budget Share Account in lieu of relevant expenditure e.g. caretaking and energy. This contribution is subject to VAT.

Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the Governing Body is satisfied that this will not interfere to a significant event 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. However, schools are required to have regard to directions issued by the Authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Governing bodies should ensure that their hiring policy does not conflict with the duty to provide education for children registered at the school.

Guidance on the booking process, charging rates for different types of hire and forms associated with the hiring of premises can be found in the *Premises and Sites Manual – Hiring and Accommodation* section.

5.2 Income from fees and charges

Schools can retain income from fees and charges, except where a service is provided by the Authority from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the Authority.

Details of the Authority's charging and remission policy can be found in part 11 of the Financial Handbook for schools.

5.3 Income from fund-raising activities

Schools are allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools can retain the proceeds of sale of assets, except in cases where the asset was purchased with non-delegated funds (in which case it is for the Authority to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the Authority.

5.5 Administrative procedures for the collection of income

All schools should abide by the procedures outlined in part 11 of the Financial Handbook for Schools for the collection, accounting and banking of income.

Advice on charging VAT and the implications of fund-raising activities and sale of assets can be found in the Financial Handbook for Schools, part 12 and its appendices and documents published by the Authority.

5.6 Purposes for which income may be used

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

SECTION 6 THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school can be charged by the Authority without the consent of the governing body **only** in circumstances expressly permitted by the Scheme set out in paragraph 6.2. In such circumstances the Authority will consult schools as to the intention to so charge, and will notify schools when it has been done.

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

6.1.1 Salaries of school-based staff

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

6.2 Circumstances in which charges may be made

6.2.1 Where premature retirement costs are incurred, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

6.2.2 Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B).

6.2.3 Awards by courts and industrial tribunals against the Authority, or out of court settlements, arising from action or inaction by the governing body contrary to the Authority's advice. Such advice should take account of the role of aided school governing bodies under s.60 (5) of the SSAF Act 1998;

6.2.4 Expenditure by the Authority in carrying out health and safety work, or capital expenditure for which the Authority is liable, where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;

6.2.5 Expenditure by the Authority incurred in making good defects in building work carried out by governing bodies, funded by capital spending from budget shares,

where the premises are owned by the Authority or the school has voluntary controlled status;

- 6.2.6** Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority (see also section 10);
- 6.2.7** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Authority;
- 6.2.8** Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or Regulatory Authorities as a result of school negligence.
- 6.2.9** Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions). The Authority will consider in each case whether it would be reasonable to make such a charge;
- 6.2.10** Additional expenditure incurred by the Authority in relation to decisions made by the governing body on the length of the school day, e.g. transport costs, and failure to notify the Authority of non-pupil days resulting in unnecessary costs in relation to budgets;
- 6.2.11** Legal and support costs which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also section 11);
- 6.2.12** Costs of necessary health and safety training for staff employed by the Authority, where funding for training had been delegated but the necessary training not carried out (see Annex B);
- 6.2.13** Compensation paid to a lender where a school enters into a contract by which the governing body is bound and there is a breach of the terms of the arrangement and the contract is of no effect (Section 9 of the Financial Handbook for Schools provides guidance on this);
- 6.2.14** Cost of work done in respect of pension remittance and records for schools using non-Authority payroll contractors, the charge being the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- 6.2.16** Costs incurred by the Authority in securing provision specified in an Education, health and Care plan (EHCP), where the governing body of a school fails to secure such provision despite the delegation of funds for such needs to the school.
- 6.2.17** Costs incurred by the Authority due to submission by the school of incorrect data;
- 6.2.18** Recovery of amounts spent from specific grants on ineligible purposes;

- 6.2.19** Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract
- 6.2.20** Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the sector.
- 6.2.20** Costs incurred by the Authority as a result of withdrawal of delegation (see section 2.1.1);
- 6.2.21** The Lottery Heritage Fund requires that the Authority supports schools that submit bids for grants for specific projects. In the event that a school that had received a grant failed to complete the project in a satisfactory manner, the Authority would be required to return the funding. In such a case, the Authority will recover the funds from the school's account;
- 6.2.22** Any increase in contract costs resulting from a school withdrawing from a Corporate contract before the end of the contract term, where the contract has been entered into voluntarily or where the scheme binds a school to it;
- 6.2.23** The amounts of any payments made by the Authority to a complainant following a finding by the Local Government Ombudsman of maladministration causing injustice, where such maladministration was caused by the action or inaction of any member of staff at the school and/or the governing body. A deduction will also be made where payment is made under the terms of an early settlement of a complaint made to the Ombudsman without formal investigation and report.

SECTION 7 TAXATION

7.1 Value Added Tax

Schools should abide by the Authority's regulations in order to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity. Any amounts so reclaimed will be passed back to the school.

The Financial Handbook for Schools, part 12 and appendices provide more detailed guidance.

7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by the Authority in connection with CIS.

Part 13 of the Financial Handbook for Schools provides detailed guidance.

SECTION 8 THE PROVISION OF FACILITIES AND SERVICES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

The Authority will not discriminate between categories of schools in its provision of services and facilities, except where such discrimination is justified by differences in statutory duties or where funding has been delegated to some categories but not others.

Additional allocations may be made to correct any significant error in the application of the resource allocation formula.

A payment may also be made from the central contingency fund in the event of an emergency, i.e. major costs falling on individual schools, which are of an exceptional but unavoidable nature, and which are not the result of a deliberate decision by the governors or failure by them to take action at an earlier stage.

Allocations from outside the School Specific Contingencies will only be available in very exceptional circumstances, and necessarily by decision of the County Council, in the light of large, unforeseen in-year cost increases or major emergencies affecting all schools.

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

The term of any arrangement with a school to buy services or facilities from the Authority is limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later. Any subsequent agreement relating to the same services cannot exceed a period of five years. In the case of contracts for supply of catering services, these limits are extended to five and seven years respectively.

Centrally funded premises and liability insurance are specifically excluded from these requirements.

When a service is provided for which expenditure is not retained centrally by the Authority under the Regulations made under Section 45A of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.2.1 Packaging

Schools are free to choose which services they wish to buy from the range of HCC traded services in respect of areas of delegated funding.

8.3 Service level agreements

8.3.1 If services or facilities are provided under a service level agreement (SLA) - whether free or on a buyback basis - the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that. Centrally funded premises and liability insurance are specifically excluded from these requirements.

8.3.2 Services provided under SLAs will also be available on an ad hoc basis but these may be charged at different rates from those provided under an extended agreement.

8.4 Teachers Pensions

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

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

SECTION 9 PRIVATE AND PUBLIC PARTNERSHIP PROJECTS and PRIVATE FINANCE INITIATIVES

The Authority may from time to time bring forward proposals for Private and Public Partnership (PPP) and Private Finance Initiatives (PFI) projects. These proposals might include variations to the scheme and would be subject to the agreement of governing bodies. This would include the power of the Authority to charge to the school's budget share amounts agreed under a PPP or PFI agreement entered into by the governing body. The Authority would need to seek positive endorsement on a school-by-school basis for such a scheme.

SECTION 10 INSURANCE

Any school that arranges property and liability insurances other than through the scheme offered by the Authority will be required to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the Authority.

The Authority must 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.

See also section 6.2.6.

SECTION 11 MISCELLANEOUS

11.1 Right of access to information

Governing bodies shall supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (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 section 50(7) of the SSAF Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

Governing bodies may make a scheme to reimburse any member of the governing body or committee in respect of expenditure necessarily incurred for the purpose of performing any duty as a governor or committee member. The categories of such allowances are specified in regulations. Schools must not duplicate any payments made for expenses paid by the Secretary of State to additional governors appointed by him to schools under special measures.

Reimbursement of travel expenses should be at Public Transport Mileage Rate, for car journeys, or actual cost. All other reimbursements should be at cost and fully supported by receipts.

Governors of a school without a delegated budget will be reimbursed for expenses necessarily incurred in the course of carrying out their duties as a governor at the rates then specified for reimbursement of expenses to Councillors.

11.4 Responsibility for legal costs

Unless the governing body acts in accordance with the advice of the Authority, legal costs incurred by the governing body will be charged against the school's budget share. Such costs relate to legal actions, including costs awarded against the Authority, not the cost of legal advice provided. (See also section 6 – The Charging of School Budget Shares).

In the case of a conflict of interest between the Authority and the Governing Body, the governing body is free to use its budget share to obtain independent legal advice.

11.5 Health and Safety

Governing bodies are required to have due regard to duties placed on the local authority in relation to health and safety, and the Authority's policy on health and safety, and the Authority's policy on health and safety matters in the management of the budget share. Under the Education Act 2002, the Local Authority may issue directions to the governing body and Headteacher of a community, community special, voluntary controlled schools and nursery schools on health and safety matters; these directions are enforceable, so far as governing bodies are concerned, if not complied with.

. (See Annex B - Health & Safety.)

11.6 Right of attendance for Finance Director

The Finance Director or his representative is permitted to attend meetings of the governing body at which any agenda items are relevant to the exercise of his responsibilities.

This attendance will normally be limited to items that relate to issues of probity or overall financial management; such attendance will not be regarded as routine. Wherever practicable prior notice of attendance will be given.

11.7 Special Educational Needs

The 1996 Education Act requires schools to use their best endeavours to ensure that the special educational needs of all pupils on roll are met. The Authority delegates significant levels of funding to schools for this purpose through the AWPU, and allocations based on free school meal entitlements, Key Stage Assessments and on IDACI scores for nursery pupils. Earmarked funding is also available through peer group assessment of the support needs of children with Exceptional Needs.

The Authority has a duty to monitor pupil progress and the use of these resources. This work is generally undertaken by the School Effectiveness Advisers with input from the SEN Advisers, Educational Psychologists and Operations Teams. In exceptional circumstances the Authority may need to consider withdrawal of delegation, but every effort will be made to work with schools to avoid this.

11.8 This paragraph is deleted.

11.9 Whistle-blowing

Persons working at a school, or school governors, who wish to complain about financial management or financial impropriety at the school should normally report it in the first instance to the Headteacher. Exceptionally, if they believe that the matter cannot be resolved in this way, they should report it direct to the Chief Internal Auditor. Each case will be investigated thoroughly, with the aim of notifying the informant of the outcome of the investigation as quickly as possible. The County Council will not tolerate harassment and/or victimisation of any employee raising concerns.

Full details of the Authority's Whistle-blowing Procedure, and contact details for advice, may be found in the *Personnel Policies and Procedures Handbook*

11.10 Child Protection

Funding is retained centrally to provide cover for teachers who are required to attend case conferences in respect of pupils on the Child Protection Register.

11.11 Redundancy/early retirement costs

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

11.12 School Meals

Funding for the provision of free meals to pupils with a statutory entitlement, and to provide paid meals to other pupils, is delegated to all schools. The responsibility delegated to these schools covers the repair and maintenance of school kitchens, and health and safety aspects associated with them.

11.13 Other publications

Information on other publications which are published by the Authority for schools is provided in the Financial Handbook for Schools and on the Hertfordshire Grid for Learning.

SECTION 12 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

All funding for repairs and maintenance is delegated to schools. Schools will prepare Asset Management Plans setting out future investment needs for their schools and are free if they wish to undertake routine and lifecycle repairs and maintenance, subject to obtaining any necessary consent from the Authority. The Authority will administer any schemes for pooled, or de-delegated funding, facilitate the discharge of their responsibilities by schools through the provision of framework contracts or by undertaking school-funded works on request, and undertake major projects including replacement of buildings or major systems where capital funding is available. Community Schools will provide the Authority with any necessary information to allow the updating of Asset Registers on the completion of works.

In cases of emergency, by agreement with the school in question, the Authority will pay for and undertake works required to allow a school to remain open and operational.

The definition of capital is set out in part 8 of the Financial Handbook for Schools. Voluntary Aided governors' statutory liabilities are unchanged. Full details of these responsibilities are available from DfE. VA governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities for capital projects. In addition they will have responsibility for repair and maintenance items on the same basis as Community and Foundations schools.

SECTION 13 POWERS TO PROVIDE COMMUNITY FACILITIES

13.1 Introduction

Community facilities are defined in the Education Act 2002 as “any facilities or services whose provision furthers any charitable purposes for the benefit of:

- pupils at the school or their families, or
- People who live or work in the locality in which the school is situated.”

13.1.1 Application of the Scheme for Financing Schools to the community facilities power

Governing bodies which choose to exercise the power conferred by Section 27(i) of the Act to provide community facilities will be subject to a range of controls.

Firstly, regulations made under Section 28(ii) if made can specify activities which may not be undertaken at all under the main enabling power. Secondly, the governing body of the school is obliged to consult the Authority 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 they must have regard to that.

However, under Section 28(i) the main limitations and restrictions on the power will be:

- those contained in schools’ own Instruments of Government, if any; and
- In Hertfordshire’s Scheme for Financing Schools, made under Section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 of the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Governing bodies are therefore subject to prohibitions, restrictions and limitations in the Scheme for Financing Schools.

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

13.1.2 Exceptions

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

13.2 Not used

13.3 Consultation with the Authority

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

13.4 Requirement to seek Authority advice

The Authority would encourage any school governing body considering the provision of community facilities to make contact at the earliest possible stage in their deliberations, and to avail themselves of advice from officers with the relevant professional expertise in advance of formal consultation.

Formal consultation with the Authority will commence when the full consultation material has been submitted in writing, and the response period will begin from receipt of the full material. Uses of the power where services have an expected annual turnover in excess of £100,000, or capital schemes costing more than £100,000, will receive a formal written response within eight weeks. In other cases advice will be provided within six weeks. The governing body should inform the Authority of the action taken in response to this advice.

The governing body should provide the following information in the formal consultation document:

- A full business plan for the provision of the proposed community facilities or services covering the first three years of operation.
- Details of the employment arrangements of all those staffing the community facility. These should cover pay and conditions, redundancy and disciplinary procedures.
- The full plans and costing of any capital project which affects existing buildings on the school site and/or the construction of new buildings.
- Details of any planning and environmental considerations, and evidence of discussions with relevant regulatory agencies.
- Details of Health and Safety considerations.
- Expressions of support from potential user groups, parents of pupils at the school, District and Parish Councils, local community groups, relevant partnership groups of the Authority, neighbouring schools and business representatives as appropriate.
- Details of how the facility will be managed, and how this will relate to the management of the school.

- Details of the extension of any existing service provision or contracts, to encompass the additional costs associated with the community facilities.
- A statement that the proposed activities will not interfere with the overriding purpose of the school in achieving higher standards for pupils.
- Details of any proposed funding agreements with third parties.
- The proposed insurance arrangements.
- The consultation document should be sent to the Assistant Director - Education Access and Provision , Children’s Services, County Hall, Hertford SG13 8DF.

13.5 Correspondence between schools and the authority

In circumstances detailed in paragraphs 13.3 and 13.4, the authority will provide advice to the school within a reasonable time, and without charging a fee. Schools are required to inform authorities what action has been taken following the authority’s advice.

13.6 Funding agreements – Authority powers

13.6.1 Funding agreements with third parties

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

Any proposed funding agreements with third parties should be submitted to the Authority for comments and advice, and any such draft agreement should form part of the consultation with the Authority.

Funding agreements with third parties should contain adequate provision for access by the County Council to the records and other property of those parties which are held on school premises, in order for the County Council to satisfy itself as to the propriety of expenditure on the facilities in question.

13.6.2 Projects with significant financial risk

The Authority 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 the Authority, 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 the Authority.

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

13.7 Funding Agreements with Third Parties

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

Any proposed funding agreements with third parties should be submitted to the Authority for comments and advice, and any such draft agreement should form part of the consultation with the Authority.

Funding agreements with third parties should contain adequate provision for access by the County Council to the records and other property of those parties which are held on school premises, in order for the County Council to satisfy itself as to the propriety of expenditure on the facilities in question.

13.8 Supply of financial information

Where a governing body keeps separate accounts for community facilities, it must provide a summary statement to the Authority every six months, showing the income and expenditure for the community facility for the previous six months and, on an estimated basis, for the next six months. A standard form for the purpose of providing such statements will be provided to schools, and should be returned to the Finance Manager Education and Schools , Herts Finance , County Hall, Hertford SG13 8DF

13.9 Cause for Concern

If the County Council believes there to be cause for concern as to the financial management of the community facilities power by a governing body, then it may, after giving notice to the governing body, require financial statements to be supplied more frequently. It may also require the submission of a recovery plan for the activity in question.

Financial information relating to community facilities is required to be included in returns made under the Consistent Financial Reporting framework.

13.10 Audit

The governing body is required to ensure that adequate arrangements are in place for the audit of the financial records connected with the exercise of the community facilities power. Where external auditors are employed, the contract should cover the community facilities activities.

13.11 Treatment of income and surpluses

Governing bodies may retain all income derived from community facilities except where otherwise agreed with the funding provider. If at the end of the financial year a surplus exists after proper charge of all costs including relevant overheads, then the surplus may be carried over from one financial year to the next. The surplus may be retained as a separate community facilities surplus or, subject to the County Council's

agreement, all or part of it may be transferred to the budget share balance. However, where such transfer is made, the school must continue to identify the community facilities element of its balances as distinct from its main budget share balance, in case the community facilities surplus is subsequently required to offset any deficit or third party liability in respect of the community facilities operation.

Governing bodies must ensure that no deficit arises from the operation of the community facility. All the costs of maintaining any facility used for these purposes must be covered by the income.

13.12 Deleted

13.13 Schools ceasing to be maintained

When a school ceases to be maintained by the County Council, any accumulated retained income from the exercise of the community facilities power will revert to the County Council unless there is some other agreement with a funding provider.

13.14 Liabilities to third parties

Liabilities to third parties incurred in the exercise of this power are a charge on all the income retained by the governing bodies from these activities.

13.15 Health and Safety

The health and safety provisions of the main Scheme extend to the community facilities power.

13.16 Criminal Records

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 are free to pass on such costs to a funding partner as part of an agreement with that partner.

13.18 Insurance

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. A governing body proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary. Details of the arrangements to be made should be included in the formal consultation material sent to the County Council. Such insurance should not be funded from the school budget share.

13.19 Insurance

The County Council will undertake its own assessment of the insurance arrangements made by the governing bodies in respect of community facilities and, if it judges those arrangements to be inadequate, may, if necessary, make arrangements itself, charging

the resultant cost to the school. This is particularly to safeguard the Council against possible third party claims.

13.20 VAT

VAT and other taxation issues are increasingly complex. Schools should be aware that governing bodies, or any organisation set up by them to manage community facilities, will be treated as a separate legal entity. In these circumstances, the Authority will be unable to secure any VAT recovery on their behalf. Governing bodies should therefore obtain independent advice if they are unclear of their tax position.

13.21 Income Tax and National Insurance

13.21.1 Where individuals are engaged to work in relation to the Community Use activity, careful consideration should always be given to their status for tax purposes and any obligation to operate PAYE. This responsibility will reside with the contractual employer, or possibly with the person responsible for paying the individual. Thus, if the governing body employs an individual and pays him or her from the Private Fund, those obligations will reside with the governing body. If the individual is paid from the General Account, the PAYE responsibilities may reside with the Authority, but in either case those administratively responsible at the 'school' will need to follow the necessary procedures.

13.21.2 Self-employed persons should be engaged under written Contracts for Services. Where that person is an individual, it would be prudent to seek advance approval from the Status Inspector at the responsible Tax Office.

13.21.3 Corporation Tax

The governing bodies of schools are potentially liable to Corporation Tax although, in general, the charity exemptions in the Taxes Acts will apply to their activities.

However, those Acts provide only for a limited exemption from tax for the profits of trades carried on by Charities. To qualify for exemption, the profit must be used solely for the purposes of the Charity. There are other conditions to be met, if the profits are to be exempt from Tax. Governing bodies should therefore seek independent professional advice, and/or advance clearance from the Inland Revenue, on their proposed course of action.

The governing body is potentially liable to Corporation Tax on any income from, or generated by, community facilities activities, but Inland Revenue have indicated that they will not levy any tax provided that:

- The activities are broadly educational, support the running of the school, or are for charitable purposes. (The Financial Handbook for Schools, Part IV, Section 7, Appendix A, provides further guidance.)
- The activities used to generate funds are not "business-like" in their scale or nature, although major fund-raising activities, and/or the income generated from assets financed through these accounts, may not attract a tax liability. Prior discussion

with the Inland Revenue may be advisable where a private, voluntary or trading account becomes involved in major initiatives.

- The accounts are subject to regular and adequate audit.

13.22 Construction Industry Scheme

Governing bodies are generally required to abide by procedures issued by the Authority in connection with the Construction Industry Scheme (CIS).

Comprehensive guidance is shown in the Financial Handbook for Schools, part 13.

13.23 Banking arrangements

The County Council considers that best practice in respect of community facilities is to use the same accounting and reporting procedures as are used for the school's main budget share, ensuring that community facilities activities are separately identified and are accounted for on a full cost basis. We expect that schools will wish to manage such facilities through separate accounts. Governing bodies are referred to Section 3.4 of the Scheme relating to banks and building societies.

13.24 Not used

13.25 Borrowing

Schools must not borrow money without the written consent of the Secretary of State.

This requirement does not extend to monies lent to schools by their maintaining authority.

ANNEX A SCHOOLS TO WHICH THE SCHEME APPLIES

Abbots Langley School
 Abel Smith School
 Aboyne Lodge School
 Albury Church of England Voluntary Aided Primary School
 Aldbury Church of England Primary School
 All Saints C E (VA) Primary School, Datchworth
 All Saints C of E Primary School and Nursery
 Almond Hill Junior School
 Amwell View School
 Andrews Lane Primary School
 Anstey First School
 Ardeley St Lawrence C of E VA Primary School
 Arlesdene Nursery School
 Arnett Hills JMI School
 Ashfield Junior School
 Ashlyns School
 Ashtree Primary School & Nursery
 Ashwell Primary School
 Aston St Mary's C of E (Aided) Primary School
 Aycliffe Drive Primary School

Barkway VA (C of E) First School
 Barley C of E VC First School
 Barnwell Business & Enterprise School
 Batchwood School
 Batford Nursery School
 Bayford (C of E) VC Primary School
 Bedwell Primary School & Nursery
 Belswains Primary School
 Bengoe Primary School
 Benington C of E Primary School
 Bernard's Heath Infant School
 Bernards Heath Junior School
 Birchwood Avenue Primary School
 Birchwood Nursery School
 Bishop Wood C of E Junior School
 Bonneygrove Primary School
 Bournehall Primary School
 Bowmansgreen Primary School
 Boxmoor Primary School
 Brandles School
 Breachwood Green JMI School
 Breakspeare School
 Bridgewater School
 Brockswood Primary School
 Brookland Infant and Nursery School
 Brookland Junior School
 Brookmans Park School
 Broom Barns JMI School
 Broxbourne C of E Primary School
 Buntingford ESC
 Burleigh Primary School
 Bushey & Oxhey Infant School
 Bushey Heath Primary School
 Bushey Manor Junior School

Camp Primary and Nursery School
 Cassiobury Infant and Nursery School
 Cassiobury Junior School
 Central Primary School
 Chambersbury Primary School
 Chancellor's School
 Chater Infant School
 Chater Junior School
 Chaulden Infants' & Nursery School
 Chessbrook ESC
 Chorleywood Primary School

Clore Shalom School
 Coates Way JMI and Nursery School
 Cockernhoe Endowed C of E Primary School
 Codicote C of E Primary School
 Colnbrook School
 Colney Heath JMI School
 Commonswood School
 Cowley Hill Primary School
 Cranborne Primary School
 Creswick Primary and Nursery School
 Cuffley School
 Cunningham Hill Infant School
 Cunningham Hill Junior School

Dacorum ESC
 De Havilland Primary School
 Dewhurst St Mary C of E Primary School
 Divine Saviour Catholic Primary School
 Downfield Primary School
 Dundale Primary School & Nursery

Eastbury Farm JMI & Nursery School
 Edwinstree C of E Middle School
 Essendon C of E Primary School

Falconer School
 Fawbert and Barnard Infants' School
 Fearnhill School Maths and Computing College
 Featherstone Wood Primary School and Nursery
 Field Infant School and Nursery
 Field Junior School
 Flamstead School
 Forres Primary School
 Four Swannes Primary School
 Furneux Pelham Church of England School

Gaddesden Row JMI School
 Gade Valley JMI and Nursery School
 Galley Hill Primary School and Nursery
 Garden Fields JMI School
 Garston Manor School
 George Street Primary School
 Giles Junior School
 Goffs Oak Primary School
 Goldfield Infants' and Nursery School
 Graveley Primary School
 Great Gaddesden C of E Primary School
 Green Lanes Primary School
 Greenfield Nursery School
 Greenfields Primary School
 Greenside School
 Greenway First & Nursery School

Hartsfield JMI School
 Harvey Road Primary School
 Harwood Hill JMI & Nursery School
 Haywood Grove School
 Heath Lane Nursery School
 Heathlands School
 Hertford Heath Primary School
 Hertford St Andrews C of E Primary School
 Hertingfordbury Cowper Primary School
 Hertsmere Jewish Primary School
 Hexton JMI School
 High Beeches Primary School
 High Wych C of E Primary School
 Highbury Infant School and Nursery
 Highover JMI School
 Highwood Primary School
 Hillmead Primary School
 Hillshott Infant School and Nursery

Hobbs Hill Wood Primary School
Hobletts Manor Infant & Nursery School
Hobletts Manor Junior School
Holdbrook Primary School
Hollybush Primary School
Holtsmere End Infant and Nursery School
Holtsmere End Junior School
Holwell Primary School
Holy Family RC Primary School
Holy Rood Catholic Primary School
Holy Trinity Church of England Primary School
Holywell Primary School
Homerswood Primary & Nursery School
Hormead C of E (VA) Primary School
How Wood Primary School and Nursery
Howe Dell Primary School
Hunsdon JMI School
Hurst Drive Primary School

Ickleford Primary School
Icknield Infant and Nursery School
Icknield Walk First School

Jenyns School
John F Kennedy Catholic School

Kenilworth Primary School
Killigrew Primary and Nursery School
Kimpton Primary School
Kings Langley Primary School
Kingshill Infant School
Kingsway Infant School
Kingsway Junior School
Kingswood Nursery School
Knebworth Primary School

Ladbroke JMI School
Lakeside School
Layston Church of England First School
Lea Valley ESC
Leavesden Green Primary School
Letchmore Infants' and Nursery School
Leverstock Green C of E Primary School
Lime Walk Primary School
Little Gaddesden C of E VA Primary School
Little Green Junior School
Little Hadham Primary School
Little Heath Primary School
Little Munden C of E VC Primary School
Lodge Farm Primary School
London Colney JMI School
London Colney Nursery School
Long Marston Primary VA C of E School
Longlands Primary School and Nursery
Longmeadow Primary School
Longmore ESC
Lonsdale School
Lordship Farm Primary School
Ludwick Nursery School

Malvern Way Infant and Nursery School
Mandeville Primary School
Manland Primary School
Maple Cross JMI School
Maple Grove Primary School
Maple School
Margaret Wix Primary School
Markyate Village School and Nursery
Marriotts School
Martins Wood Primary School
Mary Exton JMI School

Mayfield Infants School & Nursery
Meadow Wood School
Merry Hill Infant School and Nursery
Micklem Primary School
Middleton School
Mill Mead School
Millbrook Primary and Nursery School
Millfield First & Nursery School
Monksmead School
Morgans Primary School
Moss Bury Primary School and Nursery
Muriel Green Nursery School

Nascot Wood Infant and Nursery School
Nascot Wood Junior School
Nash Mills Church of England Primary School
/Newberries Primary School
North Herts ESC
Northaw Church of England Primary School
Northfields Infant & Nursery School
Norton St Nicholas C of E (VA) Primary School

Oak View Primary and Nursery School
Oaklands Primary School
Oakmere Primary School
Oakwood Primary School
Offley Endowed Primary School
Oughton Primary and Nursery School
Oxhey Nursery School

Panshanger Primary School
Park Street C of E VA Primary School and Nursery
Parkgate Infants and Nursery School
Parkgate Junior School
Parkside Community Primary School
Peartree Primary School
Peartree Way Nursery School
Pirton School
Pixies Hill Primary School
Pixmore Junior School
Ponsbourne St Mary's Primary School
Pope Paul Catholic Primary School
Potten End First (Church of England) School
Prae Wood Primary School
Preston Primary (VC) School
Priors Wood Primary School
Puller Memorial C of E Voluntary Aided Primary School
Purwell Primary School

Redbourn Infant & Nursery School
Redbourn Junior School
Reed First School
Reedings Junior School
Rickmansworth Park JMI School
Roger de Clare C of E (VC) First School and Nursery
Round Diamond Primary School
Roundwood Primary School
Rye Park Nursery School

Sacred Heart Catholic Primary School
Sacred Heart Catholic Primary School & Nursery
Saffron Green Primary School
Samuel Lucas JMI School
Sandon JMI School
Sandridge School
Sauncey Wood Primary School
Shenley Primary School
Shephalbury Park Primary School
Shepherd Primary School
Sheredes Primary School & Nursery
Skyswood Primary School

South Hill Primary School
 Southfield School
 Spellbrook Primary School
 St Adrian's Catholic Primary School & Nursery
 St Alban & St Stephen Catholic Infant & Nursery School
 St Alban and St Stephen RC Junior School
 St Albert the Great Catholic Primary School
 St Andrew's C of E Primary School and Nursery
 St Andrew's C of E VA Primary School & Nursery
 St Andrew's C of E VC Primary School
 St Anthony's Catholic Primary School
 St Augustine's Catholic Primary School
 St Bartholomew's C of E VA Primary School
 St Bernadette Catholic Primary School
 St Catherine's (C of E) Primary School
 St Catherine's Hoddesdon C of E Primary School
 St Clement's C of E, VA Junior School
 St Cross Catholic Primary School
 St Cuthbert Mayne RC Junior School
 St Dominic Catholic Primary School
 St Giles' Church of England Primary School
 St Helen's Church of England Primary School
 St Ippolyts C of E (Aided) Primary School
 St John Fisher Catholic Primary School
 St John the Baptist VA C of E Primary School
 St John's C of E Infant and Nursery School
 St John's VA C of E Primary School
 St John's VA C of E Primary School
 St Joseph's Catholic Primary School (Hertford)
 St Joseph's Catholic Primary School (Watford)
 St Joseph's Catholic Primary School
 (Bishop Stortford)
 St Joseph's Catholic Primary School
 (Waltham Cross)
 St Luke's School
 St Margaret Clitherow RC Primary School
 St Mary's (VC) C of E Junior School
 St Mary's C of E First School
 St Mary's Catholic School (Bishop Stortford)
 St Mary's Church of England Primary School (Tonwell)
 St Mary's Church of England Primary School (Aston)
 St Mary's Infant School
 St Mary's Junior Mixed School
 St Meryl School
 St Michael's C of E VA Primary School
 (Bishop Stortford)
 St Michael's C of E VA Primary School (St Albans)
 St Michael's Woolmer Green Primary School
 St Nicholas C of E Primary School & Nursery
 St Nicholas C of E VA Primary School
 St Nicholas Elstree C of E VA Primary School
 St Paul's C of E VA Primary School
 St Paul's Catholic Primary School, Cheshunt
 St Paul's Church of England Primary School
 St Paul's Walden Primary School
 St Peter's C of E VA Primary School
 St Peter's School
 St Philip Howard Catholic Primary School
 St Rose's Catholic Infants' School and Nursery
 St Teresa's Catholic Primary School
 St Thomas of Canterbury Catholic Primary School
 St Vincent de Paul Catholic Primary School
 Stapleford Primary School
 Stevenage ESC
 Stonehill School
 Strathmore Infant and Nursery School
 Studlands Rise First School
 Summerswood Primary School
 Swallow Dell Primary School
 Swing Gate First School and Nursery

Tanners Wood JMI School
 Tannery Drift School
 Templewood Primary School
 Tenterfield Nursery School

Tewin Cowper C of E VA Primary School
 The Abbey C of E VA Primary School
 The Astley Cooper School
 The Bishop's Stortford High School
 The Collett School
 The Giles Nursery and Infant's School
 The Grove Infant and Nursery School
 The Grove Junior School
 The Hemel Hempstead School
 The Highfield School
 The Lea Primary School
 The Leys Primary & Nursery School
 The Nobel School
 The Park ESC
 The Priory School
 The Reddings Primary & Nursery School
 The Richard Whittington Primary School
 The Rivers ESC
 The Russell School
 The Ryde School
 The Thomas Coram C of E VA Middle School
 The Valley School
 The William Ransom Primary School
 Therfield First School
 Thorley Hill Primary School
 Thorn Grove Primary School
 Thundridge Primary School
 Tonwell St Mary's C of E Primary School
 Townsend C of E (VA) Secondary School
 Trotts Hill Primary and Nursery School
 Tudor Primary School
 Two Waters Primary School

Victoria Church of England First School

Walkern Primary School
 Wareside Church of England Primary School
 Watchlytes School
 Watling View School
 Watton-at-Stone Primary & Nursery School
 Welwyn St Mary's C of E VA Primary School
 Westfield Community Primary School
 Westfield First School
 Weston Primary School
 Weston Way Nursery School
 Wheatcroft Primary School
 Wheatfields Infants' & Nursery School
 Wheatfields Junior Mixed School
 Whitehill Junior School
 Widford School
 Windermere JMI School
 Wood End School
 Woodfield School
 Woodhall School
 Woodlands Primary School
 Woodside Primary School
 Woolenwick Infant & Nursery School
 Woolenwick Junior School
 Wormley C of E Primary School (VC)
 Wymondley JMI School
 Yewtree Primary School
 York Road Nursery School
 Yorke Mead Primary School

ANNEX B HEALTH AND SAFETY

The responsibilities on schools to manage Health and Safety are set out fully in the DfE guidance 'Health and Safety advice for schools' and where the County Council is the employer in the 'Health & Safety manual: Policy and Guidance for schools' available via the Hertfordshire Grid for Learning.

Governors have responsibility for the duty under Section 4 of the Health and Safety at Work etc. Act 1974. as persons who have control of non-domestic premises made available as a place of work to persons who are not their employees. The duty is to take such measures as are reasonable for a person in his/her position to ensure, so far as is reasonably practicable, that the premises are safe and without risk to health.

In accordance with the School Standards & Framework Act 1998, the maintenance of premises (excluding structural repairs and capital expenditure) is the responsibility of schools. The division of responsibility between the Authority and the governors is set out in Annex B. Where a repair is the responsibility of the Authority, governors are still responsible for notifying the Authority of any hazard which comes to their attention.

The expected cost of repairs which are the responsibility of the governors will be included in the individual schools budget, and allocated to schools through the formula.

Where the governing body of a school with a delegated budget fails to comply with the Authority's policy on Health and Safety, the Authority will arrange for the required work to be carried out, and will charge the costs to the school's budget (see section 6.2.4).

ANNEX C

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 Authority's purchasing, tendering and contracting requirements.

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