

# AGENDA



## SCHOOLS FORUM

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Date: Thursday 29 November 2018  
Time: 4.30pm  
Place: Room 0012, Badminton Road Offices, Yate,  
BS37 5AF

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### Distribution

#### Members of the Committee

Rhona Allgood	Keith Lawrence (Chair)
Dave Baker	Louise Leader
Penny Chislett	Jim Lott
Mark Dee	Sarah Lovell
Jo Dent	Diane Owen
Mark Freeman	Lisa Parker
Kim Garland	Ann Reed (sub)
Elizabeth Gibbons	Max Reed
Clare Haughton	Peter Smart
Emma Jarman	Susie Weaver
	Bernice Webber

#### Appropriate Officers

Mustafa Salih  
Julie Cathcart

#### Councillors

Toby Savage  
Trevor Jones

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# AGENDA

1	WELCOME AND INTRODUCTIONS	5 mins
2	APOLOGIES FOR ABSENCE	5 mins
3	EVACUATION PROCESS	5 mins
4	ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT	5 mins
5	MINUTES OF THE MEETING HELD ON 25 OCTOBER 2018	5 mins
6	FINANCIAL REGULATIONS FOR SCHOOLS	10 mins
7	CONSULTATION WITH SCHOOLS FORUM REGARDING SETTING THE SCHOOLS BUDGET 2019-20	30 mins
8	UPDATE ON SEND CLUSTERS	5 mins
9	DATES OF FUTURE MEETINGS AND THE SCHOOLS FORUM WORK PROGRAMME 2018	2 mins
10	ANY OTHER BUSINESS	5 mins

**SCHOOLS FORUM**  
**Thursday 25<sup>th</sup> October 2018**  
**Room 0012, Badminton Road Offices, Yate, BS37 5AF**

**PRESENT:**

Dave Baker	Executive Headteacher, Olympus Academy Trust
Mark Dee	Executive Headteacher, The Park and Parkwall Primaries
Jo Dent	Headteacher, Hambrook Primary School
Nicky Edwards	Natural Choice Nurseries
Keith Lawrence (Chair)	Governor, Culverhill, School
Louise Leader	Headteacher, Pathways Learning Centre
Jim Lott	Governor, The Tynings Primary and Raysfield Federation
Sarah Lovell	Finance Director, Cabot Learning Federation
Diane Owen	Chair, Kings Oak Academy
Lisa Parker	Headteacher, Warmley Park School & College
Toby Savage	Leader of the Council and Executive Member for Schools, Skills and Employment

**Officers:**

Mustafa Salih – Head of Financial Management and Business Support  
 Duane Chappell – Strategic Lead 0-25  
 Caroline Warren - Finance

**1. WELCOME AND INTRODUCTIONS**

Attendees were welcomed by the Chair.

**2. APOLOGIES FOR ABSENCE**

Mark Freeman, Trevor Jones, Will Roberts, Susie Weaver

**3. EVACUATION PROCESS**

The Chair drew attention to the emergency evacuation procedure

**4. ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT**

None.

**5. MINUTES OF THE MEETING HELD ON 20 SEPTEMBER 2018**

Corrections:

The word 'permanent' to be removed from the sentence in the paragraph

"In setting the Schools Budget for 2018/19 the Forum was closely involved in the work to permanently transfer £2.9m from the Schools Block to the High Needs

Block. The Forum and all schools were consulted on this permanent transfer with a clear majority of Schools and the Forum approving this permanent transfer. The Council was also successful in obtaining the Secretary of State's approval. This Report seeks that confirmation from the Schools Forum

Apologies were received from Stuart Hill and Bernice Webber but not recorded.

The remainder of the Minutes were accepted as a true record

## **6. EARLY YEARS INCLUSION FUND**

An Executive Summary on the Early Years Inclusion Fund and an Early Years Conference Flyer was presented by Nicky Edwards.

NE explained the reasons why this paper was being presented at Schools Forum. They are asking permission to come back in January to agree a maximum overspend of £88,000.

Last year was the first year they were given any money for the Inclusion Fund. This was created to support children with lower level SEN needs and was top sliced from the Base rate. They failed to spend £149,000 and the money was absorbed into the DSG at the end of 2017/18.

The overspend of £88,000 would enable SENCO training packages and funding the Early Years Annual Conference in 2019.

36 SENCO training packages have already been requested with a target of 45 and 21 childminder packages, targeting 40. The total amount for these packages will be £69,500.

The Early Years Annual Conference 2019 is about Inclusion and this would be free of charge to all SENCOs and would cost £18,500. This would be a one-off cost and not an annual charge.

Louise Leader said SENCO training is an excellent idea and the more we can do to support the Early Years SEN needs would be a good thing.

Dave Baker questioned the price of £18,500 for the Conference and said he could not support it as it was unreasonable but was in support of the SENCO training.

Duane Chappell asked if the SENCOs would remain in a set amount of time in a setting once the training had been completed.

Nicky Edwards said that on the whole they do not have a very high migrating workforce and if they do leave they are most likely to stay in South Gloucestershire.

DC then asked what type of training would the SENCOs be undertaking.

NE said the Local Authority is providing the training, and she felt they should be more engaged with the Early Years provision of 0-25.

**Agreed:**

Keith Lawrence said to come back at a later date with more specific details.

Mustafa Salih said that the plan is to come back in January to discuss the need to overspend and clarification of the cost of the Conference and talk to the 0-25 team re SENCo training. Schools Forum is in favour of clarification.

Julie Cathcart said the issues between 0-25 and Early Years will be sorted out internally and joined up. She said we can get the answers and we will make a cost breakdown as to why the cost is £18,500.

Keith Lawrence asked when would the SENCO training start and that it was a splendid idea.

NE said the offer was put to Pre Schools and Nurseries on 3<sup>rd</sup> October and the courses have already started. There will be another tranche starting after half term.

## 7. SCHOOLS BUDGET 2019/20 – OPTIONS FOR CONSULTATION

Mustafa Salih explained that this consultation was an opportunity to have more of a discussion on how to work together to solve this complex problem.

MS explained that he is in the middle of a schools and public consultation where briefings have been held at the Primary HTs conference, the Secondary HTs meeting and 2 governor meetings. There has also been a public event with 2 more to go and quite a larger event involving parents and carers. Duane Chappell has also been involved with the consultations.

MS then went through the presentation slides.

**Slide 1** – Conclusions – agree on and to move forward. To work in incremental steps to improve. It is not an LA or schools problem, we all need to work together cooperatively.

After the last Schools Forum, Mark Freeman met with MS who went through all the numbers. MS said he is happy to meet with anyone to go through the figures.

**Slide 2** – we are and have been spending more than is available to use and caused an overspend and if we carry on we will continue to overspend.

**Slide 3** – shows the range of pressures around SEND and the increased total spend of over £9m. The problem is that our spends have grown by £9m but the

funding had not grown. We need to look at areas where we are doing this differently with other LAs.

**Slides 4, 5 and 6** - shows our statistical neighbours similarly funded prior to 2018/19 where we dropped down but slightly higher funded. We are funding at £317 per head.

The issue is that the growth of £15.9m has come to us in the Schools Block with £1.6m an ongoing permanent transfer to the High Needs Block. That actually changed the base line and the way the high needs funding comes to the LAs.

**Slide 7** - In previous Schools Forums it has always been an ongoing transfer in previous years. Further reductions of £3m each year. Never a one-off reduction. We felt we needed to transfer £2.9m to stay on plan, either as a transfer or a reduced SEND spend.

**Slide 8** - In terms of transfer across the rest of the country, the DfE are starting to ask what is happening to SEND spend and has visited us recently. There is not a complete picture across the country. The ADCS are conducting a survey with 68 out of 85 local authorities showing SEND overspending by 4.6%. 103 out of 150 LAs made a transfer from the Schools Block to the High Needs Block of £118m. Bath & North East Somerset have the highest % transfer in the country.

**Slide 9** – What has happened so far. In-year overspend of £3m, that is £3m accumulative from £12.4 to £15.5m.

**Slide 10** – SEND pressures and Ready Reckoner.

**Slides 11 & 12**– highlights where the extra funding has come from and what to do with the £3.7m growth that has come in. Do we leave the £3m in the Schools Block or target where we know we have pressures.

### **Slide 13**

Option 1 – slowest impact in funding,

Option 2 – quickest implementation using the Ready Reckoner

Option 3 – quicker than option 1 but slower than option 2

MS asked how do we change what we are all currently doing to spend less on SEND, so as not to provide less outcomes or less support?

Can we support similar outcomes by spending less money?

The LA and schools do not have an answer. How do we get headteachers, governors and stakeholders to drive the change.

As an LA we have done a lot, for example put in place cluster intervention funding.

We have opened The Chase in September following a post-16 review. Starting to review special school resource bases and looking at other LAs and what they do now.

What can we do? More involvement? We have a High Needs Working Group which have produced some good work but it doesn't have the membership to influence to drive the changes.

Last 2 slides – fundamental thoughts.

Dave Baker questioned the DSG Recovery Plan in Slide 9 – the sentence has to be permanent.

MS said we had options either we reduce spend by £3m by cutting SEND allocations and that was the original idea. This cannot be a one-off and needs to be a permanent change.

Sarah Lovell commented that the High Need Working Group should have more influential people on the working group and to know their schools.

Duane Chappell said that there is a potential cost of £3m for 32 children being allocated to independent schools/settings. MS said the LA would support schools with a SEND child rather than going to independent schools/settings.

There are 8 schools now in deficit this year and MS said we must think ahead to try to work with them and get in early. There are about 20 schools the LA has worked with in the last year.

Mark Dee said they have had to make some difficult decisions regarding staffing. The quicker we move to the Ready Reckoner the better. We have to recommend that we need to support schools. EHCP has greater flexibility to support children with Plans. We need to be more creative and work with teams.

Sarah Lovell agreed with Mark on the Ready Reckoner. She said as £6m has gone to the High Needs Block we are just moving the problem. We just have to spend less of high needs.

Louise Leader queried a review of post-16 placements and asked if there was specific work being done in-house and how to contribute to the solution of these placements.

MS said they are not external institutions. We are trying to develop more internships rather than expensive college placements for post-16 and post-19. We need to get our Commissioning colleagues to challenge the cost of these external consultations and whether they are value for money.

Louise Leader asked how the LA are capturing the results of the consultation. Will this be fed back to the Schools Forum and what are the options.

MS said we will capture the outcomes of the consultation and that the LA is putting together a FAQs to send out to schools.

Duane Chappell said no one has come back with an option.

Mark Dee said that no one will go for Option 2.

MS said following the public consultation the response so far from the public is that Option 2 is the least favoured. Less funding for a plan for an individual pupil.

Colleagues will be going into schools to get views from pupils.

Mustafa Salih and Duane Chappell are available for 1:1 meetings if required.

Louise Leader asked how do we get a balance of view of all non-Send and SEND parents.

MS said this would be through the consultation process.

Regarding the High Needs Working Group, Mustafa Salih chairs it with an officer group of Duane Chappell, Julie Cathcart, Louise Leader, Mark Freeman and Kim Garland.

Keith Lawrence said Mark Freeman commented that the HNWG should be chaired by someone from the Forum rather than an officer.

Keith Lawrence said the Forum needs to think about the questions that Mustafa has made and that the Forum has a brief item on the next agenda and look at what we can agree to.

MS said the HNWG needs to have a higher profile and that he will write out to the Schools Forum asking who should join it.

Duane Chappell mentioned that representation from schools should sit in on MARP.

Dave Baker agreed to attend MARP and will talk to Will Roberts to have representation from the Executive Headteachers on the panel.

### **Agreed:**

Keith Lawrence agreed to bring back this to Schools Forum as a Standing item.

### **Forward Plan**

On the 29<sup>th</sup> November it was agreed that Schools Forum will consult formally about the Options.

Dave Baker asked what the status would be at the meeting.

MS said it would be a very high status as the legislation lies with the Council and the Council has to liaise with Schools Forum. It is a real and valid consultation.

Members will receive the views of the Schools Forum, the public (through the public consultation) and the schools overview.

Written comments will be included in the feedback of the public consultation.

Option 1 is the Council's preferred Option and Options 1 and 3 will require approval by the Secretary of State.

Diane Owen would like clarity on why the Council preferred Option 1.

Meeting closed at 18.02

# **SOUTH GLOUCESTERSHIRE COUNCIL**

## **SCHOOLS FORUM**

**29<sup>th</sup> November 2018**

### **Financial Regulations for Schools**

#### **Purpose of Report**

1. The Council's Financial Regulations for Schools are in the process of being updated and refreshed.
2. The purpose of this report is:
  - To provide the Schools Forum with information regarding the background and principles of the Financial Regulations for Schools
  - A summary of some of the key highlights and points of interest contained in the Financial Regulations for Schools as well as the timetable for consultation
  - Consult the Schools Forum on the proposed updated Financial Regulations for Schools.

#### **Background**

3. Financial Regulations govern the way the Council controls and manages its financial responsibilities. Under the Schools Standards and Framework Act 1998 legislation local authorities must distribute the individual schools budget amongst their maintained schools using a formula which accords with regulations made by the secretary of state. The financial controls within which delegation works must be set out in a document by South Gloucestershire Council, this document is referred to as the Scheme for Financing of Schools ("the scheme"). This scheme sets out the financial relationship between the Authority and the schools maintained by the Authority. The scheme contains requirements relating to financial management which are binding on both the local authority and the governing bodies of schools. This includes a requirement for local authority funded schools to comply with the specified financial regulations for schools.
4. Financial regulations apply to every member of the governing body and member of staff at local authority maintained schools including contractors and temporary staff engaged to carry out duties relevant to the financial management and administration of the school.
5. The regulations shall not override any statutory provisions that apply and complement the statutory requirements laid down in the South Gloucestershire scheme for the financing of schools.
6. The Financial Regulations for Schools shall only apply to maintained schools and not Academies of Free Schools. Academies and Free Schools have to follow different arrangements put in place by the ESFA.

#### **Key Points**

7. The Financial Regulations for Schools have been refreshed and updated to reflect current practice and members of the Schools Forum are invited to consider some of the key points in the financial regulations being presented and to note the consultation timetable for their introduction.
8. The Financial Regulations for Schools are divided into two sections: financial management and financial administration. The financial management section refers to areas including: authorisation levels; annual budget setting and accounting policies as well as arrangements for budget management, virements, capital expenditure and procedures for surplus and deficit balances.
9. The financial administration section sets the framework for the registration of pecuniary and business interests, procedures for preventing fraud plus many of the requirements and procedures to be followed for key financial procedures including but not limited to: purchasing, income, stocks and stores, information security and asset management. Many of the requirements mirror and build upon the requirements contained in the scheme.
10. The Schools Forum are invited to note the following key changes proposed as part of a consultation:
  - A requirement for Schools to formally notify their governing bodies of any budget surpluses that exceed 8% with plans of how they intend to make use of the balance;
  - A requirement to notify the Local Authority of any budget surpluses exceeding 15% with intended plans for their use;
  - The requirement to submit a deficit recovery plan immediately as it becomes known that the school is forecasting a deficit position;
  - The Governing body shall approve a counter fraud, bribery and corruption policy and will ensure that all staff are provided with access and made aware of its contents;
  - The change in procurement limits to reflect the Council's requirements that tenders are sought for purchases that will exceed £75,000 in value over the life of the contract;
  - That Governors have a responsibility to ensure that suitable safeguards are in place to protect confidential information and that the requirements of the General Data Protection Regulations are met, this risk cannot be transferred via paid contract to a third party;
  - Introduction of new reporting requirements to the Director of Children, Adults and Health for commercial activity and additional services offered by the school, exceeding £15,000 in income per annum.

The intention is that the Financial Regulations for Schools draft document (as attached for information to this report) will be circulated to all local maintained schools in South Gloucestershire for comment. The intended consultation timetable is set out in the next section of this report.

### Consultation Timetable

The intended timetable for consultation on the financial regulations for schools is as follows:

Initial Consultation at Schools Forum	29 <sup>th</sup> November 2018
Consultation communicated to all Schools	10 <sup>th</sup> December 2018
Closure of consultation with schools	7 <sup>th</sup> January 2019
Assembly of feedback and presentation of consultation outcome to Schools Forum	17 <sup>th</sup> January 2019
Onward approval of Financial Regulations for Schools by elected Members as part of Council's Constitution	February 2019
Rollout of new financial regulations for schools	1 <sup>st</sup> April 2019

### RECOMMENDATIONS

The Schools Forum is recommended to:

- Note the background, purpose, key highlights and consultation timetable relating to the Financial Regulations for Schools;
- Agree to receive a finalised version of the Financial Regulations for Schools and summary of consultation feedback in January 2019.
- Provide views on the matters covered in this report.

# Financial Regulations for Schools

[www.southglos.gov.uk](http://www.southglos.gov.uk)



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# Financial Regulations for Schools

## **Introduction**

Financial Regulations govern the way the Council controls and manages its financial responsibilities. These financial regulations apply to all Schools who receive their funding from the Local Authority under the legislative provisions in section 45-53 of the School Standards and Framework Act 1998. Under this legislation local authorities must distribute the individual schools budget amongst their maintained schools using a formula which accords with regulations made by the secretary of state. The financial controls within which delegation works must be set out in a document by South Gloucestershire Council, this document is referred to as the Scheme for Financing of Schools ('the scheme'). This scheme sets out the financial relationship between the Authority and the schools maintained by the Authority. The scheme contains requirements relating to financial management which are binding on both the local authority and the governing bodies of schools. This includes a requirement for local authority funded schools to comply with these financial regulations for schools.

These financial regulations for schools are published in accordance with Section 151 of the Local Government Act 1972 and in accordance with Section 48 of the School Standards and Framework Act 1998.

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Voluntary (Semi Official) Funds

Commercial Activity & Additional Services

Schools Financial Value Standard

Version Control

**Definitions**

1. Local Authority – South Gloucestershire Council is the local authority, referred to in these regulations as ‘the local authority’.
2. The Chief Financial Officer is the Director for Corporate Resources and Deputy Chief Executive. He/she may choose to delegate his/her oversight and responsibilities for these regulations to the Director for Children, Adults and Health supported by the Head of Business and Finance for Children, Adults and Health.
3. School(s) – the use of the words ‘school’ or ‘schools’ throughout these regulations refers collectively to the governing body, a committee of the governing body, the Head Teacher or other Headship arrangements at the school and other staff employed at the school, including contractors and agency staff operating the schools financial processes. In certain cases the regulations refer specifically to the governing body or the Head Teacher.
4. Governing Body – References to the ‘the Governing Body’ may refer to a committee of the governing body where delegated authority to carry out tasks is permitted and those tasks have been properly delegated to such a committee by the Governing Body.
5. Head Teacher – reference to ‘the Head Teacher’ may refer to other staff of the school where delegating authority is permitted and has been properly delegated by the governing body or Head Teacher.
6. Regulations – the term ‘regulations’ in this context means the financial regulations for schools.
7. Any points of clarification on these regulations should be initially addressed to the Audit Manager, Internal Audit Services, [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk)

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## 1. Financial Management

### Roles and Responsibilities

- 1.1 Financial regulations apply to every member of the governing body and member of staff at the school including contractors and temporary staff engaged to carry out duties relevant to the financial management and administration of the school.
- 1.2 These regulations relate mainly to official funds. However, please refer to the section on voluntary funds and extended provisions for financial standards relating to these other types of funds.
- 1.3 These regulations shall not override any statutory provisions that apply and complement the statutory requirements laid down in the South Gloucestershire scheme for the financing of schools.
- 1.4 The governing body of each school is responsible for ensuring the sound, proper and effective use of the schools financial resources. In practice governors will need to delegate to the Head Teacher some of their authority to conduct the management of the school's finances. The governing body must maintain a written record where decision making has been delegated to committees of the governing body and/or school staff. These regulations will specify where decisions cannot be delegated and must be referred to the Council's Chief Financial Officer. Where responsibilities have been delegated or devolved to other responsible officers' reference to the chief officer in the regulations should be read as referring to them.
- 1.5 The Chief Financial Officer is, for the purpose of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, responsible for the proper administration of the Council's financial affairs including maintained schools.
- 1.6 Substantial breaches of Financial Regulations must be reported to the **Chief Financial Officer** and may be treated as disciplinary offences. **The South Gloucestershire scheme has a section on withdrawal of delegation. The Local Authority can issue a Notice of Concern for breaches of these regulations requiring the Governing Body to comply with provisions set out by the Local Authority in the Notice of Concern. The Local Authority has the ultimate power to withdraw a Governing Body's right to a delegated budget including establishing an Interim Executive Board to replace the Governing Body for breaches to these regulations.**
- 1.7 In order to discharge the statutory responsibilities referred to in regulation 1.5 and 1.6 the Chief Financial Officer, or a representative, may attend any meeting of governors to observe, give advice and/or report on financial matters.
- 1.8 These procedures shall be reviewed regularly by the **Chief Financial Officer (delegated to the Head of Financial Management and Business)**, at least every 3 years. The **Council** should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes.
- 1.9 All members of the governing body and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, efficient

and provides value for money.

- 1.10 The Chief Financial Officer may issue, from time to time, financial manuals and instructions for the administration of the financial affairs of schools. Such advice may provide further guidance on arrangements dealt with in these regulations including the form and content of any document or report on financial matters, accountancy procedures and financial instructions.
- 1.11 Financial instructions, whether issued separately or included in the Schools Financial Manual, shall form part of these regulations.
- 1.12 Electronic copies of the regulations will be supplied to all schools for distribution. The Head Teacher must additionally ensure that members of the governing body have access to these regulations and any financial documents they may request.

#### **Budget Management - Annual Budget Setting & Accounting Policies**

- 1.14 Schools must abide by the local authority's accounting policies and procedures, including year-end procedures. Budget Management requirements are specified in the scheme for the financing of schools and these financial regulations, governing bodies are responsible for ensuring that the school is in compliance with these responsibilities.
- 1.15 The local authority must notify each school of its budget share before the commencement of the financial year. The local authority is also required to publish a section 251 budget statement.
- 1.16 The governing body must establish formal processes and timetables to ensure that all relevant financial and non-financial factors are considered in the school's budget setting.
- 1.17 As soon as possible after 31<sup>st</sup> March each year, schools must establish the amount of any carry forward budget surplus or deficit. Schools are required to take this into account when determining their new financial year budget plans. Any budget surplus shall be earmarked for any current or future needs.
- 1.18 Each school is required to submit their budget plan approved by the full governing body by the 31<sup>st</sup> May of each year in a format to be determined by the local authority.
- 1.19 Revised plans approved by the governing body must be completed and forwarded as soon as practical after 31<sup>st</sup> October each year but no later than 30<sup>th</sup> November in the financial year to which it relates.
- 1.20 Schools are not permitted to plan for an unlicensed budget deficit (see paragraphs 1.43 to 1.48 for more information).
- 1.21 All reports and accounts provided to the local authority by a governing body must be on an accruals basis. A prudent approach must be adhered to and the governing body must include all known commitments for the financial period.
- 1.22 The school's budget must link to the school's development plans and the school will be able to provide documents providing the basis of all budget assumptions and priorities. If the school intends to make surplus balances of greater than 8% up to 15%, an explanation should be presented to the governing body for their approval and sign off. Where surplus balances are expected to exceed 15% Governing Bodies

must include within their budget submission a report on the use that the school intends to make of surplus balances. Balances exceeding 15% may be reviewed by the Schools Forum.

### Authorisation Levels

- 1.23 In these financial regulations, various references are made to authorisation levels. Expenditure should only be incurred if authority to purchase goods and services has been delegated to a member of the school's staff by the Governing Body.
- 1.24 The Governing Body is responsible for approving a scheme of delegation which must specify the delegated authority for the following areas of financial responsibility:
- Authorising the purchase of items (requisition/official order authorisation)
  - Authorising of invoices for payment
  - Authorising budget virements
  - Certifying travel and expense claims
  - Authorising petty cash expenditure, including signing cheques
  - Approval of petty cash reimbursement claims
  - Issue of official receipts
  - Raising of invoices and credit notes
  - Authorisation of write offs
  - Authorisation to fill a staffing vacancy
  - Approval of starters and leavers
  - Approval of changes to the staffing establishment
  - Payment of overtime, bonus, time off in lieu
  - Notification of sickness
  - Authorisation of salary adjustments
- 1.25 An authorised signatory listing must be prepared and approved by the Governing Body to complement the scheme of delegation. The authorised signatory listing should be submitted Finance, Revenues and Welfare the School's HR provider.
- 1.26 The scheme of delegation and signatory list should be reviewed at least annually and approved by the full governing body.

### Budgetary Monitoring and Control

- 1.27 Schools must submit financial information and reports to the local authority in line with the requirements and timescales stipulated in the scheme for the financing of schools.

- 1.28 Governing Bodies must ensure that they have adequate arrangements for finance to undertake the following:
- Monitor at least three times per year actual income and expenditure against budgeted, for all of their budgets and ensure that targets are achieved. The aim is to ensure that overspends do not occur and that problems can be identified and tackled at an early stage.
  - Recommend corrective action without delay
  - Report any substantial-deviations from budget to the Director for Children, Adults and Health without delay.
  - Report to the full governing body on a regular basis (at least three times per year)
- 1.29 Governing bodies must formally allocate those budgets, for which they wish to give responsibility to the Head Teacher and responsible budget holders who, in turn must monitor expenditure in the context of amounts allocated. Any potential material variations (£500 or more) must be brought to the attention of the governing body so that appropriate action can be identified and taken.
- 1.30 Governing bodies must ensure that responsible budget holders:
- Receive reliable information to monitor their budgets
  - Are aware of their responsibilities,
  - Comply with the scheme for the financing of schools and the financial regulations for schools
  - Have received adequate training to carry out their responsibilities
- 1.31 Where supplementary accounting records are maintained, Governing bodies must reconcile these to the council's main accounting systems, or bank statements, on a regular basis (at least monthly but more frequently where necessary).

#### Virements

- 1.32 The Governing Body should set a policy for the approval of virements. This may be where a transfer is required between budget headings to either correct changes of a technical accounting nature (technical adjustment) or if extra expenditure is needed on an existing budget head, then, providing equal savings can be made within the school's budget, or there are sufficient unallocated savings brought forward from earlier years, schools can transfer budgetary provision; such movement is known as virement.

#### Capital Expenditure

- 1.33 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 provide a definition of capital expenditure. Capital expenditure is principally in respect of acquiring, constructing or enhancing physical assets (including buildings, land and immovable equipment) which provide benefits over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an

asset, increase the open market value of the asset or substantially increase the extent to which an asset can be used in the delivery of services. Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body. The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

- 1.34 Governing Bodies may use part of their budget share to meet the cost of capital expenditure to enhance, repair and maintain their school premises. The governing body must take into account advice from the local authority on the merits of proposed expenditure. Priority should be given to delivery of the School's Asset Management Plan.
- 1.35 If the expected capital cost in any one year will exceed £25,000, then the Governing Body must notify the Director for Children, Adults and Health and take into account any advice from the Director for Children, Adults and Health as to the merits of the proposed expenditure. If the Council owns the premises, then the Governing Body must obtain the consent of the local authority to the proposed works.
- 1.36 Schools may incur expenditure of a capital nature on an approved project in a financial year and fund it over a period not exceeding four years, including the year in which the expenditure is initially incurred. Approval must be given by the Chief Financial Officer and the Director for Children, Adults and Health.
- 1.37 A governing body or Head Teacher must not permit the use of any part of the delegated budget for the acquisition of any interest in land or buildings whether in the form of freehold, leasehold or otherwise without prior consent, in writing, from the local authority.

#### Loans, Borrowing & Investments

- 1.38 The governing body must not enter into a contract for the construction of any works or buildings or, for acquisition of any vehicles, plant, computer or other equipment through a finance lease, hire purchase or any other form of credit arrangement without prior consent, in writing from the Chief Financial Officer.
- 1.39 **Governing Bodies of schools may only borrow money (which includes the use of finance leases) with written permission of the Secretary of State. This provision does not apply to loan schemes run by the Authority or the use of purchase cards authorised by the Authority. The definition of borrowing predominantly covers cash loans from financial institutions but also includes finance leases which are equivalent to committing the school to a loan, which is a form of borrowing. Some equipment leases, including photocopier and IT equipment leases, may be finance leases, and therefore it is important that schools refer terms and conditions of proposed leases to the Authority for checking.**
- 1.40 No loans from the school fund or other unofficial funds to the delegated budget or vice versa are permitted.

#### Legality of Commitments

- 1.41 Governors shall have proper regard to the legality of their commitments and if there is any doubt they must consult with the Chief Financial Officer at the earliest opportunity.

#### Financial Information and Reporting

- 1.42 All Schools must be required to provide information to enable the Chief Financial Officer to prepare the annual accounts of the Local Authority in accordance with the timetable determined by that officer.

#### Surplus and Deficit Balances

- 1.43 Governing Bodies are required to carry forward from one financial year to the next any surplus or deficit in net expenditure when compared with the school's budget share for the year, adjusted for any balance brought forward from the previous year.
- 1.44 Governing Bodies that anticipate at any time during the financial year, that they may incur a deficit by the end of that year, must notify the Head of Business Management and Finance in writing as soon as this position becomes known.
- 1.45 Governing Bodies are able to apply in writing to the Chief Financial Officer for permission to incur a deficit budget in accordance with the conditions set out in the Scheme for Financing Schools. Governing Bodies must support requests with an agreed recovery plan immediately as soon as it is determined there will be a deficit.
- 1.46 In accordance with the Scheme for Financing Schools, requests for licensed deficits must be considered jointly by the Chief Financial Officer and the Director for Children, Adults and Health.
- 1.47 If the school intends to make surplus balances of greater than 8% up to 15%, an explanation should be presented to the governing body for their approval and sign off. Where surplus balances are expected to exceed 15% Governing Bodies must include within their budget submission a report on the use that the school intends to make of surplus balances. Balances exceeding 15% may be reviewed by the Schools Forum.
- 1.48 The local authority cannot write off the deficit balance of any school. Governing Bodies must recover from the deficit over an agreed period up to the maximum period defined in the Scheme for Financing Schools.

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## 2. Financial Administration

The Chief Financial Officer has an overall responsibility for the proper administration of the Council's financial affairs, this includes producing these regulations associated with proper financial administration and maintaining an effective internal audit of schools' financial affairs.

### Roles and Responsibilities

- 2.1 In these regulations various references are made to authorisation levels. Expenditure should only be incurred if authority to purchase goods and services has been delegated to a member of the school's staff by the Governing Body.
- 2.2 The school must complete an authorised signatory listing for all those members of staff with delegated responsibilities. This document should contain specimen

signatures and should be held ready for inspection. The document should be regularly reviewed and updated when there are any changes to staff. A copy should be supplied to Finance, Revenues and Welfare.

- 2.3 Schools should prepare a financial procedures manual for all staff who may have involvement with income, orders, petty cash expenditure, school fund monies, inventories and equipment.

#### **Register of Pecuniary and Business Interests**

- 2.4 It is important that Governors and school staff not only act impartially, but are also seen to act impartially. Certain practices should be avoided such as obtaining goods and services, which may include an element of private use for governors or school staff. **The school should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit that might be seen to compromise their judgment or integrity, and should ensure all staff are aware of it. When making gifts, the school must ensure the value is reasonable, is within its scheme of delegation of financial powers, the decision is documented, and has due regard to propriety and regularity in the use of public funds.**
- 2.5 The governing body of each school must establish a register listing for each member of the governing body and school employee engaged in contractual or purchasing transactions/decisions on behalf of the school, any business and/or pecuniary interests they or any member of their immediate family have; to keep the register up to date and available for inspection by governors, staff, parents and Local Authority representatives.
- 2.6 Governors and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the school. They should withdraw from meetings while matters of a personal or pecuniary interests are discussed. A register of pecuniary interests whether direct or indirect interests should be maintained. For clarity where no interest exists then a nil declaration should be made.

#### **Financial Systems**

- 2.7 Any amendments to approved financial systems or proposals to introduce new financial systems must be agreed in advance with the Chief Financial Officer.
- 2.8 The advice of the Chief Financial Officer must be sought regarding any matter that could, materially, affect the finances or financial systems of the Council before any commitment is made.

#### **Fraud Prevention, Detection and Investigation**

- 2.9 Under no circumstances must governors or staff use council resources and/or assets for their own benefit.
- 2.10 The governing body shall approve a counter fraud, bribery and corruption policy and ensure that all staff are provided with access and made aware of its contents.
- 2.11 Governors and school staff must report to the Director for Children, Adults and

Health and/or the Council's Chief Financial Officer any occasions where they believe that financial regulations, or other council policies or instructions are not being followed, or where the school or council's resources are at risk. Provided governors or school staff act in good faith, they will be fully supported when reporting under this regulation.

- 2.12 Prompt action must be taken by schools whenever a matter arises which involves, or is suspected of involving, any loss or irregularity or any circumstances that may suggest the possibility of such a loss or irregularity. This must include cash, stores, stocks, or other property held for the purpose of the School or in any other way affecting school finances or any breach of these regulations. The Head Teacher or any governor or other member of staff must immediately on its discovery, report the matter to the Audit Manager who may thereupon take action they consider necessary.
- 2.13 Although the chances of money laundering in a school setting are limited, the governing body must pay due regard to any guidance issued by the Local Authority relating to anti-money laundering regulations.

#### **Income, Banking and Bank Account Administration**

- 2.14 Governors may delegate responsibility for ensuring that all sources of income due to the school and the council are identified, collected promptly and that payments received are accepted, recorded, banked and reconciled promptly and correctly.
- 2.15 Governors responsibilities for income should be to:
- Monitor and challenge when income is not received by anticipated due dates
  - Agree a lettings policy and the schools approach to lettings
  - Agreed a schedule for all discretionary fees levied by the school
  - Agree the process for disputes arising from fee related matters procedure and policy for bad debts and write off (see below for further details)
  - Receive assurances from the school staff that fees levied will cover associated cost so that there is no strain placed on the delegated budget
  - Receive assurances that the funding formula has been received and is being used for its intended purpose.
- 2.16 Governing Bodies must have clearly defined and documented procedures for setting a budget for their income on an annual basis and monitoring against that budget as appropriate. They should have procedures in place to monitor income and expenditure trends so that anomalies can be promptly investigated.
- 2.17 Governors must ensure that they and all school staff are aware of the controls that should exist. All school staff should:
- Understand their responsibilities to maintain key controls over areas of income which they must collect and monitor
  - Receive adequate support and training to carry out their financial

responsibilities

- Comply with the council's scheme for the financing of schools
- Be personally protected from associated risks.

- 2.18 Schools must only operate a bank account that conforms to the Scheme for Financing Schools and these regulations. In practice, this means:
- Using the Council's bank account (general fund) for distribution and holding of delegated budget
  - A separate account for petty cash (which must be labelled Imprest and the name of the School)
  - A separate bank account/(s) for semi-official fund.
- 2.19 The organisation of bank mandates and changing authorised signatories shall be undertaken as follows:
- For the general fund - this must be organised via South Gloucestershire Council Corporate Finance.
  - For the Imprest bank account – this must be organised via South Gloucestershire Council, Finance, Revenues and Welfare Service
  - For Semi-Official funds - the Governing Body maintains responsibility for updating all other bank mandates.
- 2.20 The Head teacher must maintain a list of all bank accounts held and signatories to the accounts held.
- 2.21 Amounts due to the school should be collected at the earliest opportunity and where possible in advance of a service/goods being supplied. Consecutively numbered invoices should be used and spoiled invoices marked as such and retained for audit inspection. The following safeguards/controls must be observed:
- Invoices and other forms of income correctly account for VAT
  - Income is not banked net of expenditure or any other deductions made from income received (i.e. all income is banked fully and intact)
  - Personal cheques must not be cashed from money on behalf of the school or the council
  - Where possible a separation of duties in operation between collection and reconciliation/banking of income (where not achievable in small school settings regular monitoring of income levels and spot checking of income received must be undertaken)
  - A regular reconciliation is performed to compare income received to income banked on the financial accounting system of the council. Any anomalies to be promptly investigated.
  - Cash income collected should be banked promptly, where this is not possible, the school should have sufficient secure storage arrangements in place commensurate to the value of income held (further guidance on this is available on request).

- 2.22 Each person who receives money on behalf of the school must record an acknowledgement using only official stationery (e.g. receipt book, cash register, manual register). Where low value income is received (less than £10), individual receipts need not be issued.
- 2.23 A debt must only be considered irrecoverable after all appropriate measures have been taken to obtain payment. Governing Bodies are only permitted to write off debts up to the value of £2,000 which are related to their own income generation. Above this level the school must seek approval for the Chief Financial Officer (or Deputy Chief Financial Officer in his absence) at the earliest opportunity. This regulation must apply except in the following circumstances:
- The debtor is bankrupt or in liquidation and an independent written statement has been received indicating that no payment will be paid to the council
  - Legal action has been taken and the debt has been remitted by a court
  - The debtor no longer resides in this country.
- 2.24 The Governing Body must maintain a record of all irrecoverable debts.

### **Risk Management & Insurance**

- 2.25 Governors are responsible for ensuring that adequate risk management arrangements are in place. This includes ensuring:
- Governors and staff are aware of their responsibilities in relation to risk management
  - Receive adequate training and support to carry out their responsibilities
  - Take risk management into account in the course of their work.
- 2.26 Governors and Head Teachers are responsible for the identification of potential risks of loss or damage to resources and operations they control. Risk could include: liability for injury/death of employees or third parties, property damage, theft/loss of equipment or finances and/or interruption to the working of the school, reputational damage, risk to pupils well-being.
- 2.27 The Governing Body should regularly assess the key risks affecting the school (at least annually) and consider the likelihood and impact of each risk. This could take the form of a risk register. The Governing Body could articulate their appetite to risk and approach to reviewing risk registers in a risk management policy.
- 2.28 Governing Bodies must take steps to minimise potential losses through preventative measure. Effective action to manage risks will represent a judgement between the probable risk and the cost or effort required to safeguard against it.
- 2.29 Not all risks are insurable. Where it is possible and cost-effective/prudent to insure against major risks, the Governing body has a responsibility to ensure that such insurance is in place. This includes ensuring:
- Staff have received adequate support and training to carry out their financial responsibilities

- Adequate insurance cover is in place for all potential liabilities the school may face
  - That Governors and staff are personally protected from associated risks.
- 2.30 Governors and Staff should ensure that day to day procedures work towards protecting the interest of the school. This might include ensuring:
- The School has health and safety advice and support in place and regular checks of the site and associated equipment is undertaken
  - The School adheres to these financial regulations, the scheme for the financing of schools and their own financial procedures, this includes ensuring there is robust oversight of key financial processes on a regular basis
  - Preparing for the impact of emergencies and incidents through the compilation and regular testing of business continuity and emergency plans
  - Limiting losses once they arise through rapid and appropriate action
  - Prompt expert advice is obtained (where appropriate) and work is undertaken in the best interests of the school to limit further damage.
- 2.31 The Risk Management and Insurance section of the council is responsible for securing insurance cover for all Schools subject to the requirements of the Scheme for the Financing of Schools. The insurance section must be notified immediately of:
- All new risks and liabilities which may require specific insurance cover
  - Any alteration which may affect existing insurance
  - Any loss, damage or claim likely to give rise to a claim by or against the school
  - All leases of property granted by or to the school which involve a transfer of insurance cover.
- 2.32 An ex-gratia payment relates to compensation or settlement made to employees in respect of loss or damage to clothing or personal belongings which occurred in exceptional circumstances at work or in the course of the performance of their duties and which was not due to the employee's fault or negligence. Any proposal to make such a payment by the Governing Body must be discussed and agreed, in advance with the Head of Financial Management and Business, the Risk Management and Insurance Manager and a representative of the Head of Legal Services.

#### **Internal Audit**

- 2.33 The Chief Financial Officer is responsible for maintaining a continuous internal audit of schools' accounting and financial transactions, including any operations affecting the Council's finances or financial arrangements.
- 2.34 The school's records and accounts will be available for inspection, as necessary, by the Council's internal and external auditors. Governing Bodies are required to co-operate with both internal and external auditors. Schools must provide a right of access to records for both internal and external auditors.
- 2.35 Internal audit services reviews the key risks and controls at schools on a risk assessed basis. The frequency of audit will be dependent on a number of factors including: previous audit opinion, carry forward balances, changes in key personnel,

OFSTED results and information obtained from the Department for Children, Adults and Health. Internal audit services will produce a report for the Director for Children, Adults and Health, a copy will be made available to the governing body and Head Teacher and a formal response is required from the school within 2 months of issue of the report.

- 2.36 The local authority may request internal audit services to undertake investigations where it is considered there is a risk of irregularity or where a deficit budget has been set and there is not a clear recovery plan, internal audit services may conduct a notice to improve visit. These visits will be funded by the local authority.
- 2.37 The governing body may commission internal audit services to undertake an internal audit for the purposes of self-improvement and achievement of value for money. However, in these circumstances the audit must be funded from the school's own budget.
- 2.38 A governing body's right to a delegated budget may be suspended if the financial controls within the scheme for the financing of schools have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.
- 2.39 The governing body of each school must provide, to the council's internal audit service, audit certificates for each of its voluntary and private funds (such as the School Fund and accounts for trips/camps and other activities) and the accounts of any trading organisations controlled by the school. These audit certificates must be forwarded not later than six months after the end of the accounting period to which they relate.

### **Purchasing**

- 2.40 Governors may delegate responsibility for the purchasing of goods and services to a level set by the Full Governing Body in the scheme of delegation. All purchases exceeding the levels set must be referred to the Full Governing Body in advance of making the purchase for decision. The decision should be clearly recorded in the minutes of the meeting.
- 2.41 Governors responsibilities for purchasing should be to:
- monitor and challenge all purchasing activity to ensure it is necessary, in line with expectation and does not exceed budgets
  - Agree a purchasing policy which includes requirements for seeking quotations and tenders.
  - Ensure there is an effective separation of duties in operation to minimise the risk to staff
  - Where a separation of duties is difficult to achieve due to limited staffing, the governing body should seek assurance that there is regular independent spot checking of purchasing activity.
  - Ensure that purchasing activity is only undertaken when formal approval has been received, in advance, in practice this means purchase orders/requisitions must always be approved prior to an invoice being received.

- Where the electronic ordering system is not being used, that only official controlled stationery order pads are used for procurement activity
  - Ensure there is a procedure in place for staff to check and record when goods and services are received so that payment is only made on satisfactory receipt (except for certain exceptions see below)
  - On occasions where payment may be needed in advance of receipt of a good or service, that these situations are carefully monitored to ensure that the school does receive value from the payment
  - Ensure there are robust procedures in place for the usage, administration and monitoring of payment cards, including, not sharing purchase cards, holding the card securely, promptly transferring expenditure to appropriate expenditure codes so that spending is transparent and regular spot checks and oversight of what is being bought.
- 2.42 Governors must designate specific school staff who are authorised to place orders on their behalf and must operate procedures to secure value for money. The procedures must be properly recorded, communicated to staff, and continuously monitored.
- 2.43 When procuring goods and services the Governing Body and staff of the school must take into account the following considerations:
- Schools must pay due regard to the Council’s contracting rules for schools and the Scheme for the financing of schools when setting limits for obtaining quotations and tenders. (Currently tenders must be sought for purchases and contracts expected to exceed £75,000 over the life of the contract).
  - Schools are required to comply with EU tendering requirements for all procurement activity. (The current EU threshold is £181,302 and £615,278 for light touch services e.g. educational supply)
  - The health and safety competence and qualifications to perform the tasks being purchased
  - The financial stability and capacity of the contractor to perform the tasks being purchased
- 2.44 Governors must ensure that they and all school staff are aware of the controls that should exist. All school staff should:
- Understand their responsibilities to maintain key controls over purchasing arrangements (this includes controls to prevent common purchasing fraud and invoice scams, such as mandate fraud)
  - Receive adequate support and training to carry out their financial responsibilities
  - Comply with the council’s standards of financial management and be personally protected from associated risks.
  - Not, under any circumstances, use the council’s ordering or payment systems for personal use or benefit.

- 2.45 Governors have a responsibility to ensure that due regard is being paid to value for money, this includes ensuring that:
- The council’s contracting rules are being followed
  - For all purchases (even lower value) cost and quality considerations have been taken into account in the decision
  - The most cost effective method of purchasing has been employed (it may be cheaper to purchase with a council purchasing card rather than raise a purchase order for certain goods and services)
  - Late payment of invoices could result in the school being liable for late payment charges under the “Late Payment of Commercial Debts (interest) Act 1988”.
- 2.46 Governors and staff have a responsibility to prevent the risk of fraud and irregularity in the area of purchasing. This includes the following:
- Being suspicious of unsolicited offers of goods and services, if it sounds too good to be true it usually is
  - Never, under any circumstances, allowing authorised signatories to pre-sign cheques (this is relevant for the imprest/petty cash account)
  - Being suspicious of emails/correspondence purporting to be from the Head Teacher authorising purchases (if this is not their usual method of authorising expenditure) – always check
  - Protecting against mandate fraud by ensuring the school has independent methods for verifying changes to bank account details for regularly used/high value suppliers.
  - Ensuring cheques/payments are not returned to the originating members of staff (except in exceptional circumstances). In the majority of circumstances, payment must be made to the intended payee.
  - Schools have a responsibility to ensure they are not purchasing goods/services from suppliers actively engaged in the activity of evading payment of tax. The school should observe the requirements of the Criminal Finances Act 2017.
  - Ensuring that the risks of bribery in purchasing is understood, this could include, but not be limited to, suppliers offering inducements to staff to show favour on them in purchasing decisions.
  - Ensuring that all staff have clearly recorded all business interests (see section xx) and are not actively involved in purchasing decisions where they hold an interest.
- 2.47 When ordering services such as painting, decorating, plumbing or any other general building works, the regulations stipulated within the Construction Industry Scheme must be observed. The scheme requires that the Council acts as agent to HMRC, deducting income tax where appropriate, for the labour element only. Any enquiries relating to this matter should be referred to the Finance, Revenues and Welfare division of the Council.

**Petty Cash**

- 2.48 Schools with only a small petty cash requirement may opt to use an encashment facility. If petty cash claims regularly exceed £250, the School must obtain an imprest cash account.
- 2.49 Increases in petty cash facility should be referred to the Finance, Revenues & Welfare Service in the first instance. Imprest requirements may need to be referred to internal audit services for review and decision if they are considered to be excessively high.
- 2.50 The Head Teacher must maintain a bank mandate and listing of authorised signatories for the petty cash account. This information must be made available to Finance, Revenues and Welfare Service. The name of the petty cash account must include the wording 'imprest' and the name of the school.
- 2.51 All cheques must be personally signed (not pre-signed nor, signature obtained from a stamp) by an authorised signatory who must at the same time, be presented with documents supporting requested payments.
- 2.52 Cheque books must be held securely when not in use. Cheques must not be manually amended, but cancelled and replaced where necessary.
- 2.53 The petty cash account must be reconciled regularly (at least every term). The associated documentation must be signed by the person undertaking the reconciliation and counter-signed by the Head Teacher. All discrepancies must be promptly investigated.
- 2.54 A separation of duties must be in place between those monitoring the account, and those who are operating the account. The advice of the council's internal audit services shall be sought where there is any doubt over the strength of such a separation of duties.
- 2.55 Schools are not permitted to allow petty cash accounts to become overspent. A petty cash reconciliation and reimbursement claim shall be submitted on at least a termly basis and must not exceed one half to two thirds of the overall imprest level. The school will be liable for any fees incurred by the council for a school petty cash account becoming overdrawn.

**VAT**

- 2.56 Governing Bodies must ensure that school staff:
- Are aware of their responsibilities and account for taxable transactions
  - Know how to obtain more detailed information and support and identify any training needs
  - Maximise the use of resources ensuring tax is reclaimed wherever possible and not charged to their budgets
  - Avoid financial penalties for the council
  - Refer to the VAT manual on the Council's intranet (under 'v' on the A to Z directory). This contains a wide range of VAT guidance with links to

additional advice and is kept regularly under review.

- 2.57 The council is normally able to reclaim all VAT, provided a valid tax invoice is held. School staff must obtain a valid tax invoice for all goods and services on which VAT is payable. Failure to do so will mean the gross amount being charged to the school budget. Care must be taken not to recover VAT to which the council is not entitled, for instance where VAT is incurred on payments made on behalf of third parties.
- 2.58 The school has a responsibility to check validity of VAT on authorisation of invoices. School staff should ensure that:
- Transactions where no VAT is paid are correctly identified as zero rated, exempt or outside of scope
  - There is a valid tax invoice
  - The correct VAT indicator is used
  - The VAT is correctly calculated
- It is possible to check the validity of VAT registration numbers online:  
[https://europa.eu/youreurope/business/vat-customs/check-number-vies/index\\_en.htm](https://europa.eu/youreurope/business/vat-customs/check-number-vies/index_en.htm)
- 2.59 Governing Bodies must ensure that tax is charged on income collected by the school when due. Liability is determined by the type of organisation being charged and the nature of the service provided.
- 2.60 School staff must correctly identify taxable income and customers. Any new sources of income where the VAT treatment is unclear must be referred to the Council's VAT Accountant.
- 2.61 School staff must correctly identify non-taxable items as zero-rated, exempt or outside the scope for output tax purposes.
- 2.62 The school must issue a tax invoice for taxable goods or services supplied to anyone outside of the council, this must be accounted for to HMRC. Where the value of the transaction covered by the invoice (including the VAT) is more than £250, staff must ensure that the following details are shown on the tax invoice:
- An identifying invoice number
  - Name, address and VAT registration number of the supplier
  - The date of supply
  - Name and address of the person to whom the supply was made
  - The type of supply
  - A description which identifies the goods or services supplied including quantity, charge made excluding VAT and the rate of VAT
  - The total charge excluding VAT
  - The rate of any cash discount offered
  - Total amount of any VAT payable

- 2.63 Where the value of the transaction (including VAT) is £250 or less a “less detailed tax invoice” will suffice. Staff must ensure that the following details are shown on a “less detailed tax invoice”:
- Name, address and VAT registration number of the supplier
  - The date of supply
  - A description which identifies the goods or services supplied
  - The total amount payable, including VAT
  - The rate of VAT
- 2.64 Receipts of dividends and interest must normally be net of tax deducted and accompanied by a tax deduction certificate from the payee. If a tax certificate is not supplied, one must be obtained from the payee. These must be forwarded to the Finance, Revenues and Welfare division of the council.

### **Salaries, Wages and Pensions**

- 2.65 The governing body will ensure that all appointments are made in accordance with the school’s policies and that appropriate delegations are in place and recorded and approved annually in the scheme of delegation.
- 2.66 Under no circumstances should staff approve changes to their own terms and conditions including, for the avoidance of doubt, pay decisions. Changes to the Head Teacher’s pay must be authorised by an appropriate committee and clearly evidenced in the minutes of that committee.
- 2.67 Governing Bodies must ensure controls are in place to safeguard staff pay to ensure:
- A vacancy review and approval process is in place so that vacancies are only filled where there is an established need and a cost-effective alternative staffing arrangement is not available
  - There is sufficient budget provision for the appointment of new employees, this includes considering the future budget availability for permanent employments
  - The most appropriate method of employment (in the context of need and budget availability) has been considered, i.e. permanent, limited term contract.
  - That arrangements have been appropriately authorised and records of that authorisation are retained by the school
  - That all payroll variations and new appointments are notified to the payroll service at the earliest opportunity possible and in accordance with agreed timescales, this includes staff who start working for the council, resign or are dismissed, transfer to another post or any other changes affecting the payroll
  - That an appropriate separation of duties is in place for payroll related activity and that there is monitoring and oversight of variations to pay

- That there are appropriate controls and checks and balances over the use of overtime pay for staff. This includes the completion of an overtime form, detailing the name of the employee claiming overtime, the purpose of the overtime and number of hours claimed, the date and clear authorisation of the payment in line with the School's scheme of delegation.
- 2.68 The school cannot transfer all risks associated with the payment of staff to their payroll provider. The governing body has a responsibility to satisfy themselves that their payroll provider:
- Is suitably qualified and able to perform the role of payroll service on the school's behalf
  - Has the necessary arrangements in place to securely hold all records relating to pay, superannuation, national insurance and income tax
  - Is making payments as required to any third parties, e.g. HMRC
  - Has issued guidance to schools staff on the requirements for pension auto-enrolment and how to opt out of the scheme
- 2.69 Employees have a responsibility to check the accuracy of their pay. They must immediately notify Payroll Services of any change in circumstances, or situations (such as payments received in error), likely to affect their entitlement. Should employees receive any payment to which they are not entitled, they must refund this to the Council.
- 2.70 Complex and stringent rules govern circumstances where payment can be made to individuals without deducting national insurance or tax contributions. To avoid breaching these regulations, payments to employees must only be made through the payroll.
- 2.71 When the school engages staff/consultants/contractors outside of the payroll careful consideration needs to be made of these individuals' employment status. Schools should refer to the [www.gov.uk](http://www.gov.uk) website for further information about the requirements of IR35. Where individuals are working in any capacity on behalf of the school off payroll through an intermediary (IR35) the school should check the employment status using the <https://www.gov.uk/guidance/check-employment-status-for-tax> online tool. A copy of the result of any check should be retained by the school.

### Stocks and Stores

- 2.72 The Governing Body is responsible for ensuring there are proper controls over stocks and stores to prevent unnecessary expenditure and/or loss.
- 2.73 The Head Teacher must be responsible for the custody and physical control of the stocks and stores of consumable items held in the school.
- 2.74 Where stocks and stores form part of a trading account, e.g. catering, or individually have a significant value, stock records must be maintained. All such records must be kept in a form that gives sufficient information to ensure that receipts and issues can be readily identified to confirming documentation and balances in hand.

- 2.75 Head Teachers must pay particular attention to the control of liquid fuel deliveries and storage. They should ensure that where staff check deliveries they are vigilant in relation to reading quantities of fuel in both holding tanks and delivery vehicles.
- 2.76 Any stocks or stores held must not be in excess of normal requirements except in special circumstances approved by the Governing Body.
- 2.77 Head Teachers must arrange regular stock checks and ensure that all stocks are checked at least annually by a person other than the usual storekeeper. Significant surplus or deficiencies must be advised in writing by Head Teachers to the Governing Body with adjusting entries on stock records being referred to such notifications. Any cases of potential misappropriation should be reported to the internal audit services [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk)
- 2.78 Surplus stocks and stores over a value of £100, unless transferred to another department within the school, must not be disposed of without the written authority of the governing body. Consultation should also take place with the Local Authority's Property Services team regarding possible use elsewhere with the Local Authority and best options for method of disposal.
- 2.79 All proceeds from the sale of items purchased from public funds or donated to the school and therefore owned by the school, must be paid directly into the school's bank account as income to the school budget.

### Property, People and Information

- 2.80 The governing body has a responsibility to ensure that school staff are:
- Aware of their responsibilities with regard to property, people and information
  - Have received adequate training in these areas of responsibility
  - Are personally protected from any associated risks
- 2.81 Governors must ensure that they and all school staff are aware of the controls that should exist for property related matters. All school staff should:
- Understand their responsibilities for maintaining controls over property related matters
  - Report regularly to the governing body on any site health and safety checks performed and swiftly bring their attention to any issues that need promptly addressing, either through alternative arrangements or purchase of repairs to property
  - Prepare an asset management plan, on at least an annual basis, and regularly submit it to the governing body for review and prioritisation
  - Ensure there is adequate security in place for the site to safeguard against unauthorised access/damage/theft
  - Where CCTV is operated to protect the property, ensure that the school adheres to the requirements of the surveillance commissioner in operating clear policies and signage (for more information refer to: <https://www.atl.org.uk/advice-and-resources/rights-and-conditions/cctv->

[and-other-surveillance](#) and <https://www.ipco.org.uk/>)

- Ensure they have access to an adequate Health and Safety advice service which provides for regular property inspections and keeps key staff and governors informed of legislative changes affecting schools and particular risks.
- Safeguard the fabric of the property and site by not making any major, changes and/or enhancements to the estate without prior authorisation of the Head of Property Services or associated Religious Organisation (for VA/VC schools)

- 2.82 All equipment valued in excess of £100, or likely to be attractive to thieves must be recorded in a formal inventory. This should be kept in a fireproof safe and/or electronically on a server off site. The accuracy of inventories should be checked at least once a year and certified by the Head Teacher. The inventory must contain the following information:
- Date of acquisition
  - Description of the asset including any unique identifying serial number
  - Cost
  - Location of asset
  - Details of any disposal/write off
- 2.83 The governing body should be promptly advised of any equipment that cannot be accounted for. The school should observe the requirements of their fraud prevention policy in the event that it is determined property has been stolen.
- 2.84 Valuable equipment must be visibly security marked. A record must be held of all items issued to staff members for use during the course of their employment. Leavers procedures must include the requirement for property and equipment to be surrendered back to the school at the end of a staff member's employment. Staff may be subject to tax liabilities relating to benefits in kind if they retain the equipment for personal use and an extended period of time.
- 2.85 Governors and school staff should have due regard to environmental legislation associated with the purchases of equipment and resources. Where possible, action should be taken to minimise the consumption or wastage of resources and/or the associated negative environmental impacts of resource usage. Similar considerations should be applied to the disposal of equipment and resources.
- 2.86 Obsolete, unserviceable or unnecessary assets must be disposed of in accordance with the school's disposal policy and legislative requirements. Disposal of surplus items will usually be by offer to other schools, other council departments, tender or auction, although this requirement can be waived for low value items after consulting with internal audit services. All items must be disposed of for the best possible price.
- 2.87 The proceeds of the sale should only be spent for the purposes of the school. The governing body cannot dispose of land or buildings, this remains the responsibility of the council/or the religious organisation (in the case of VA/VC). There are

exceptions to this rule where the school has opted to become a co-operative trust and the freehold of its land and buildings have been successfully transferred by the council to the Trust.

2.88 Governors must ensure that they and all school staff are aware of the controls that should exist for people related matters. All school staff should:

- Follow the policies and procedures approved by the governing body related to the safety and security of students and visitors to the school, including ensuring that the policies accord with latest guidance and legislation
- Follow the policies and procedures approved by the governing body related to staff appointments and conduct, including ensuring appropriate pre-employment checks are undertaken prior to commencing in post to confirm qualifications, suitability, references, DBS and health screening.
- Seek advice from the school's procured HR service, where necessary and prudent to do so, in relation to staffing issues arising
- Ensure that the school has an up to date and approved whistle blowing policy which has been communicated to all staff and is freely available for their access
- Ensure all staff, as required by their role and position, have been subject to disclosure and barring screening and that evidence of this check is retained on their personnel file (note the actual check result, subject to current guidance, must not be retained)
- Ensure that personnel records of staff are held with sufficient security and are only held for the length of time advised by the school's HR service and in line with document retention policies
- National working time regulations (amended 2003) must be observed for all school staff
- Ensure that the school is in compliance with national requirements and council policy relating to national minimum wage and living wage

### Information Security

2.89 Governors must ensure that they and all school staff are aware of the controls that should exist for information related matters. All school staff should:

- Follow the school policies and procedures relating to the retention, control, security and disposal of data and information
- Ensure that the school has adequate security over their data and information systems and as well as completing mandatory ICT Security and Information Sharing training, all staff are regularly reminded of their responsibilities. For technology related elements this could include: password controls, locking computer screens when not in use, back up arrangements, security of systems and applications, firewalls etc. You can demonstrate much of this capability by attaining [Cyber Essentials](#) certification.
- Adhere to the requirements of the Data Protection Act.

- Maintain a software inventory (responsibility cannot be transferred to a third party provider) containing: details of software, number of licences, expiration date and any identifying serial numbers.
- Ensure that the school has adequate security over their data and information systems and staff are regularly reminded of their responsibilities, this could include: password controls, locking computer screens when not in use, back up arrangements, security of systems and applications, firewalls.
- Consider the merits of procuring a specialist IT advisor to provide the school with guidance on security and system related matters
- Have due care and regard for paper based sensitive information, for example: ensuring all sensitive data is locked away securely when not in use, not taken off school premises unless absolutely necessary, making use of redaction policies to limit data availability, taking due care with information on photocopies and fax machines.
- For data in paper form, such as printed documents or handwritten notes, how to appropriately control, mark and securely dispose of it where it contains personal or sensitive data. Additionally, conversations are verbal data and are needed to be treated as accordingly, discussed in setting appropriate to the topic, not with non-entitled people present or in areas where you can be overheard and that any recorded conversations or notes are deleted and not recoverable.
- Ensure the school is aware of its responsibilities in relation to the Freedom of Information Act. This includes requirements for policy and procedural documentation and adhering to national timescales for responding to requests. For more information refer to: <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>

2.90 The Data Protection Act 2018, which fully encompasses General Data Protection Regulation (GDPR) is now in effect. Schools are each individually data controllers under the provision of these regulations, and as such are each individually responsible for adherence to its requirements. The accountability for the data protection of personal information cannot be transferred to a third party through the purchase of a service and remain the responsibility of the school. Schools are recommended to:

- Refer to the Information commissioner's office website to obtain an overview of the school's responsibilities (<https://ico.org.uk/for-organisations/>)
- Consider procuring access to a specialist adviser, as needed, to ensure compliance with the requirements of the regulation
- Consider any commercial/partnership/shared activity that the school may be engaged in. Such arrangements will need to be governed by a contract and it is recommended that a contract addendum is used to ensure both parties comply with their specific Data Protection accountabilities
- A Data Protection policy must be in place and approved by the governing body which ensures personal information is handled in compliance with the DPA 2018/GDPR requirements

- Consider regular training in Data Protection for governors and staff as mandatory in order to demonstrate compliance with the regulations
- Conduct a review of the management of the school's data to consider whether any prompt redress is needed to minimise risk of penalties.

### **Voluntary (Semi-Official) Funds**

- 2.91 Governing Bodies and Head Teachers must ensure that the standards outlined elsewhere in these regulations are followed for all voluntary funds as parents and other benefactors are entitled to the same standards of stewardship for such funds. Such funds must be accounted for separately using other accounting arrangements independent from those used to account for the school official funds.
- 2.92 Semi-official funds must be held in a separate bank account. The bank accounts and supporting records must be regularly monitored by the Head Teacher who has a responsibility to ensure that regular reconciliations are undertaken.
- 2.93 The Governing Body has responsibility for setting the accounting period for the semi-official fund and must appoint an independent auditor to promptly undertake a verification audit at the end of that accounting period. The Auditor must complete a school fund auditor's certificate and supporting documentation in the form of a short report and submit it to the governing body for approval.
- 2.94 Following governing body approval, the School Fund Auditors certificate must be submitted to internal audit services within six months of the year-end. The School fund auditor must be independent of the school.
- 2.95 Governing Bodies must be aware of any responsibilities placed upon them in terms of financial management and reporting by the Charities Commission.
- 2.96 Governing Bodies must ensure that voluntary and private funds are covered by appropriate insurance arrangements.

### **Commercial Activity & Additional Services**

- 2.97 The governing body has a responsibility to notify the Director for Children, Adults and Health of any activity which is anticipated to have one or more of the following circumstances:
- Income generation attracting an anticipated turnover of greater than £15,000 per annum
  - A service and/or activity that will involve the employment of staff on a regular basis
  - A service and/or activity that may require the purchase of assets and resources to be used mostly for the purpose of that service
  - A service and/or activity which will require regular usage of the grounds/property of the school on a regular basis

Examples of this type of service or activity could include: a catering service (owned and run by the school), an after school club, a breakfast club, a sports activity/club, a learning or research organisation, a Head Teacher being paid to work in another school, a teaching school.

2.98 The governing body must ensure the following for these types of activity:

- Approval has been sought from the Director for Children, Adults and Health
- A clear and transparent business case and costing model has been established which is available for review and demonstrates that the activity will meet its costs through income
- Where a governing body decides to operate an activity at a loss, they must justify to the local authority how any shortfall will be met (this cannot be from the delegated budget)
- Schools have a responsibility to not generate excessive balances from activities and should have due regard to their purpose and role. Where net balances exceed £2,000, the governing bodies should be prepared to justify how they will use the funds for the benefit of the school
- Provision is made for the payment of redundancy costs for staff in the event that the provision needs to be ceased/wound up
- That the school is adequately insured for the purposes of the activity being pursued and there is adherence to all relevant legislation (e.g. safeguarding, OFSTED, health and safety)
- There is security and control over the resources of the activity
- That there is no conflict of interest between the duties and responsibilities of staff employed to work for the school and for the additional provision.
- There is adequate contractual documentation as required to cover any legal considerations associated with any such arrangement
- On an annual basis the governing body should receive a report on the activity of the provision including a financial report clearly itemising associated costs and income.
- A certified return must be provided to internal audit services, six months after the conclusion of the financial year setting out the opening balance, associated costs, income and closing balance of the provision/activity.

### **List of Key Contacts**

To be updated before final release

**See Separate documents**

## SCHOOLS FORUM FORWARD PLAN

<b>29<sup>th</sup> November 2018 @ 4.30pm Room 0012 Ground Floor</b>	
<ul style="list-style-type: none"> <li>• Financial regulations for Schools</li> <li>• Setting the Schools Budget for 2019/20</li> </ul>	
<b>17 January 2019 @ 4.30pm Room 0012, Ground Floor</b>	<b>28<sup>th</sup> March 2019 @ 4.30pm Room 0012, Ground Floor</b>
<ul style="list-style-type: none"> <li>• Update from HNWG</li> <li>• Constitution and membership of the Schools Forum</li> <li>• Update on Schools Budget 2019/20</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>9<sup>th</sup> May 2019 @ 4.30pm Room 0012, Ground Floor</b>	<b>18<sup>th</sup> July 2019 @ 4.30pm Room 0012, Ground Floor</b>
<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

**ANY OTHER BUSINESS**