

Fair Funding:

**Scheme for financing local authority
maintained schools**

Financial Year 2019-20

CHILDREN'S AND ADULT'S SERVICES

Table of Contents

1	SUMMARY	2
2	THE OUTLINE SCHEME	2
3	INTRODUCTION	3
4	FINANCIAL CONTROLS	6
5	INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS.....	12
6	THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES.....	15
7	INCOME	19
8	THE CHARGING OF SCHOOL BUDGET SHARES	20
9	TAXATION	22
10	THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY.....	23
11	PFI/PPP.....	25
12	INSURANCE	25
13	MISCELLANEOUS.....	25
14	RESPONSIBILITY FOR REPAIRS AND MAINTENANCE.....	27
15	COMMUNITY FACILITIES	28

SUMMARY

1.1 About this guidance

This is issue 10 of the statutory guidance from the Department for Education (DfE) for local authorities on schemes for financing schools. It relates to Section 48 of the School Standards and Framework Act 1998 (<http://www.legislation.gov.uk/ukpga/1998/31/contents>), and Schedule 14 to the act.

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. This guidance lists the provisions which a local authority's scheme must, should or may include. Schemes need not follow the format used in this guidance.

In making any changes to their schemes, local authorities must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum. Find out what has changed in this issue.

1.2 Directed revisions

The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties. Certain amendments have been made to the wording included in some of the directed revisions listed below, to reflect more recent policy positions.

- SFVS
- Fraud
- Register of Business Interest
- Borrowing by schools
- Loan schemes

1.3 There are other Ealing changes to the 2018/19 Scheme in wording and in revisions throughout the 2019/20 Scheme.

2 THE OUTLINE SCHEME.

References throughout this statutory guidance to:

"the Act" are to the School Standards and Framework Act 1998; "the authority" means the local authority; and "the Regulations" are to the School and Early Years Finance (England) Regulations 2018 made under the Act.

The Regulations state that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.
2. Amounts which may be charged against schools' budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.

4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school's budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority's non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body
20. Insurance.
21. The use of delegated budgets by governing bodies to satisfy the authority's duties imposed by or under the Health and Safety at Work etc. Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

3 INTRODUCTION

3.1 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.

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

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

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

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

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

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

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

3.2 The role of the scheme

The scheme sets out the financial relationship between the authority and the maintained schools that it funds. It should make clear that the scheme contains requirements relating to financial management and associated issues, binding on both the authority and on schools.

3.3 Application of the scheme to the Authority and maintained schools

The scheme applies to all community, nursery (or Children's Centres), special, voluntary, foundation (including trust) foundation special schools and pupil referral units (PRUs). A list of schools covered by the scheme is contained in annex 1

The scheme will also apply to any new community, foundation, community special or voluntary schools and schools that change their status in the new framework.

3.4 Publication of the scheme

A copy of the scheme will be published and any approved revisions will be notified to each such school on <https://www.egfl.org.uk/finance-and-data/funding-and-finance/fair-funding-and-schools-forum>

3.5 Revision of the scheme

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

3.6 Delegation of powers to the head teacher

The governing body must consider and agree the extent to which it wishes to delegate its financial powers to the head teacher. The decision made shall be recorded in the minutes.

The scheme should state the responsibilities of the head teacher and governing body in respect of the annual budget plan; the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

The governing body must submit its budget plan required under paragraph 2.3 of this scheme. The governing body should review the level of delegation to the head teacher each year at a full meeting of the governing body or by committee of the governing body convened to agree the schools' budget plan for that year. The decision made shall be recorded in the minutes. Should a meeting of the governing body decide to revise the level of delegation during the course of a financial year, any such revisions should be recorded in the minutes and forwarded to the Chief Finance Officer

Advice on the level of delegation may be provided by the authority. Please refer to the Finance Handbook via <http://www.egfl.org.uk>

3.7 Maintenance of schools

The local authority is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains schools is through the funding system put in place under

sections 45 to 53 of the School Standards and Framework Act 1998.

4 FINANCIAL CONTROLS

4.1 General Procedures

Application of financial controls to schools

In managing their delegated budget, a school shall be required to comply with the authority's requirements on financial controls and monitoring, not only those in the scheme but also those set out in the Finance Handbook and any subsequent communication.

Provision of financial information and reports

Schools must submit periodic returns of anticipated and actual expenditure and income to the Chief Finance Officer, the basis and format of the returns to be approved by the Chief Finance officer from time to time.

All schools shall make three returns for the summer, autumn and spring terms. Finance Return will be accepted by September, January and March of that financial year. These are to be sent electronically. Additionally, all schools shall submit a budget plan for the year by the 1st Friday in May and no later than the 30th June.

The periodic returns shall consist of statement of actual and committed expenditure against the school's approved budget, an income and expenditure report of transactions through a School's bank account, a bank reconciliation and VAT return.

Payment of salaries and bills

The authority may issue guidance concerning procedures for the payment of salaries and bills.

Control of assets

The Head teacher is responsible for the custody and physical control of all assets held by the school. To this end, she or he must maintain an inventory of assets worth more than £50. The inventory must show:

- a) date of purchase;
- b) purchase price;
- c) details of the item, for example, serial number, make, model and location;
- d) name and address of the owner if this is not the school (for example, leased equipment); authorisation for disposal, if any; and
- e) disposal details, including dates and price.

The inventory can be held on the computer or it can be kept manually, either in loose-leaf format or in a book. Whichever manual format is chosen; however, the pages should be serially numbered. The inventory should be kept in a fireproof safe.

Where the school owns a number of similar items that are individually worth less than £50 but with a total value of more than £1,000 these may be included as a group in the inventory. Examples include furniture or large, non-consumable stationery orders.

Wherever it is practical, equipment should be secured to work surfaces - this applies particularly to computer equipment. In addition, all equipment should be security marked, in accordance with advice from insurers.

Schools are encouraged to register anything that is portable and attractive such as a camera.

Disposals

Items deemed to be obsolete or surplus to requirements may be disposed of or sold. Where the disposal value is under £500, this may be authorised by the Head teacher and evidenced by his or her signature on the inventory. Where the disposal value exceeds £500, a report should be submitted to the Governing Body, stating the reason for the disposal and recommending a method, or methods, of disposal. If an item is disposed of with a potential value of £10,000, authorisation must be obtained from the Chief Finance Officer

Additions

New items should be added to the inventory as they are bought and where the school is insured through the authority's insurers, an updated inventory sent to the insurance section immediately. Where possible, notification should precede the acquisition of such items.

Annual checks

The full inventory should be checked annually and evidence of this check should be kept with the inventory. The evidence can consist of either a separate list of items checked or the results of that check, or a date and the Head teacher's signature on the inventory against the items checked. Action should be taken in respect of any surpluses and deficits and the inventory marked as appropriate. Where a deficiency exceeds £1,000, a report must be submitted to the Governing body.

Accounting policies, including year-end procedures

Schools shall adhere to the accounting policies of the Authority including the timetable for year-end procedures for closing the accounts issued by the Chief Finance officer from time to time.

Writing off of debts

Head teachers should arrange for income to be collected in advance of the provision of a supply or service so that bad debts are, as far as possible, avoided. Accounts may be raised in exceptional circumstances, for example, payments for hiring musical instruments and damage to the school.

A Governing body may write off debts against delegated income up to a value of

£6,000. It may choose to delegate the writing off of smaller debts of, say, up to £500 to the Head teacher. However, debts above £6,000 must be approved by the Governing body and referred to the LA before they are written off. Details of such debts, together with the process followed to chase them, must be made available.

Debts should only be written off if there is little or no prospect of recovering the money or if the cost of recovery is likely to be greater than the amount recovered. Full details of written off amounts should be kept, and the records reviewed regularly to identify whether any have now become recoverable.

Note: The purpose of the £6,000 limit is to ensure that a mechanism exists which assists internal auditors in identifying cases where financial procedures and management perhaps need to be reviewed. The £500 limit for a head teacher is a suggested limit, the level of delegation is a matter for each governing body.

4.2 Basis of accounting

The accounts shall be prepared on an accrual basis. Schools can arrange their internal systems on an accruals or cash basis as long as reporting and accounts provided are as stipulated by

the LA. The Bank and VAT returns provided to the LA by schools must be on payments and receipts basis Submission of Budget plans

4.3 Submission of budget plans

A School must submit its budget plan to the Authority by 1st Friday in May setting out its planned expenditure and income for the financial year in question and assumptions underpinning the budget plan. The plan shall be submitted in a format determined by the authority. The school's formal budget plan must be approved by the governing body or a committee of the governing body.

A school should notify the Chief Finance Officer of any revisions if the school intends to use the reports supplied by the LA for management control purposes.

Prior to the start of the financial year, a school will be provided with the assumptions that the LA has used to construct the Individual Schools Budget.

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

The LA encourages schools to submit provisional budget plans well before the May deadline.

Submission of Financial Forecasts

Schools are required to submit financial forecasts covering each year of a multi-year period. This information may be used as evidence to support the authority's assessment of Schools Financial Value Standards and/or used in support of the authority's balance control mechanism.

4.4 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, considering the authority's purchasing, tendering and contract requirements outlined in section 2.10.

It is for heads and governors to determine at school level how to secure better value for money taking into account the LA's purchasing, tendering and contracting requirements

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

4.5 Virement

Subject to a schools' agreed framework for managing its school budget, the governing body or head teacher shall be allowed to vire freely between budget heads in the expenditure of their budget shares.

4.6 Audit: General

The audit and investigation unit provides statutory internal control and risk management assurance, plus a counter fraud and investigation service. Internal audit will still carry out planned thematic reviews, computer assisted reviews or risk assessed audits.

Internal Audit reserves the right to conduct an audit or one can be requested by the executive director/directors (or deputies), governing body or head teacher. Internal audit may also conduct reviews specifically to provide assurance on the school's compliance with this Scheme.

Internal audit may also review issues across a sample of schools enabling best practice to be shared across schools or to focus resources on emerging risks/opportunities.

Investigators reserves the right to conduct an investigation or one can be requested by the executive director/directors (or deputies), governing body or head teacher.

Once investigators, internal, or external auditors have proved their identity, they have the right to:

- a) enter school premises and land;
- b) have access to all records, documents and correspondence relating to any transactions of the school;
- c) require and receive explanations from the governing body, staff or agent of the school as they deem necessary concerning any matter under examination;
- d) require any employee or agent of the school to produce cash, stores or any school property under their control;
- e) examine any accounts or records not covered by the above managed, transacted or relating to an employee as a result of their employment with the school.
- f) request written responses to matters raised within a specified time frame..

The Governing Body, the LA, in particular Audit & Investigation should be told immediately of any suspected or actual irregularity.

4.7 Separate external audits

The governing body of a school may spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. Any such audit must take into account the status of the school as spender of LA funds rather than being a grant aided institution.

4.8 Audit of voluntary and private funds

All schools must provide annual audit certificates for any voluntary or private funds that they hold. These funds should be held separately from the main budget allocation. Similarly, audit certificates are needed for the accounts of any trading organisations controlled by the school. Audit certificates must be signed by a person who is not an employee or a governor of the school.

4.9 Register of business interests

The governing body of each school shall establish a register, which lists for each member of the governing body and the head teacher, any business interests, which they or any member of their immediate family has. The register should be kept up to date with notification of changes and there should be an annual review of entries. The register should be made available for inspection by the Authority, governors, staff and parents.

4.10 Purchasing, tendering and contracting requirements

Schools shall comply with the provisions of Section 4 Purchasing within the Finance Handbook. Schools may seek advice on a range of compliant deals via Buying for schools”

4.11 Application of contracts to schools

Schools may opt out of LA arranged contracts except for contracts they have agreed to be bound by in respect of services for which funding is delegated by the LA.

Governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts. However, in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. This is the reason for allowing authorities to require authority counter-signature of contracts exceeding a certain value. Other contracts may be made solely on behalf of the governing body, when it has clear statutory obligations - for example, contracts made by aided or foundation schools for the employment of staff.

4.12 Central funds and earmarking

The LA will be allowed to make allocations to individual schools from central funds, which are additional to schools' budget shares. The funds provided should be subject to conditions setting out the purpose or purposes for which the funds may be used.

Earmarked funding from central retained funds should be spent only on the purposes for which it is given, or other budget heads for which earmarked funding is given and should not be vired into the budget share. Schools shall be required to account on its own financial systems for any such expenditure separately from its budget share.

The LA may require any unspent earmarked sums remaining at the end of a financial year or within the period over which schools are allowed to use the funding if different to be returned to the LA. The LA may not make any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific grant.

4.13 Spending for the purposes of the school

Section 50(3) allows governing bodies to spend budget shares for the purposes of the school, subject to regulations made by the Secretary of State 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. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (S1 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (S1 2010/ 190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

4.14 Capital spending from budget shares

Governing bodies may make proposals to spend any surplus or uncommitted part of a school's budget share remaining after revenue commitments have been met, on capital purposes.

Schools should notify in their expenditure returns any spending from a school's budget share of a capital nature. In the case of all maintained schools; any such proposals, with an estimated cost of more than £15,000, must be notified to the LA; and a school must take into account any advice from the Chief Finance Officer as to the merits of the proposed expenditure.

The LA wishes to continue to encourage schools to invest in school premises both in conjunction with bids made by the LA and developing schemes funded solely from their own budget shares. Where the LA owns the premises or the school has voluntary controlled status the governing body should seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.

For general guidance, the following constitute expenditure for capital purposes:

- a) The acquisition, construction, enhancement or replacement of buildings
- b) the acquisition, construction, enhancement or replacement of plant, machinery and equipment;
- c) Financing Leases.

4.15 Notice 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 Executive Director for Adults and 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 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 but is not limited to:

- a) Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- b) Insisting that an appropriate trained/qualified person chairs the finance committee of the governing body;
- c) 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;
- d) Insisting on regular financial monitoring meetings at the school attended by local authority officers;
- e) 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.

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

It should not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.

The notice will be withdrawn once the governing body has complied with the requirements it imposes. There is a right of appeal to the Secretary of State for Education. Refer Schedule 15 to the SSFA, Section 51 and Sections 14-17.

4.16 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 LA before the end of the financial year.

In the event that a form is not returned promptly, the LA may request an audit which will be charged to the school.

4.17 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.

5 INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS

The LA has adopted the CIPFA Code of Practice for Treasury Management.

All schools will be required to operate a local bank account and may retain interest on balances. Where delegation is withdrawn under the provisions of the School Standards and Framework Act 1998, the LA may withdraw the school's bank account. Where it decides to withdraw the local bank account facility the school shall operate an imprest account subject to the terms and conditions specified by the LA.

For the purpose of this section, budget share includes any place-led funding for special schools or PRUs.

5.1 Frequency of instalments

The Authority will make available the budget share to school governing bodies on a monthly basis. Provision is also made to allow the payment in full of additional devolved funding, where appropriate.

The Authority will make available budget share instalments on a monthly basis to schools which so request it; but the request should be made prior to the start of the relevant financial year.

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

5.2 Proportion of budget share payable at each installment

All schools will receive their schools budget share in 12 equal monthly instalments. The advance dates will be published accordingly.

The High Needs Place Baseline is paid to schools in full within the 1 payment in April.

Except for the first advance in April, all other transfers shall be made no earlier than three working days before the schools monthly pay date. The first advance of the financial year shall be calculated using either a school's indicative budget share or final budget share. The pattern of advances may be adjusted in future years depending on the actual expenditure profile in the year.

Persistent failure to submit bank and VAT returns may ultimately lead to the LA taking steps to withdraw local bank account facilities.

Payments to schools in related to High needs top ups will be paid termly.

Payments to school of funding pass ported by the LA on behalf of the Education Funding Agency EFA will be paid monthly on an equal twelfths basis:

From 1st April 2018, Ealing made changes to how the Early Years Single Funding Formula payments are claimed and paid.

A monthly headcount collection and payment system was introduced via the Synergy Portal. Schools are required to submit a monthly headcount return with payments made based on submissions each month. Timetables have been set in accordance with the academic year and payments will be based on 38 weeks of funding claims paid over 11 months of the year (excluding holiday periods).

Schools are required to submit a monthly headcount in accordance with dates published on the Early Years timetable. Each month data is carried forward; therefore schools are only required to submit any changes to their headcount returns. New starters and leavers can be added onto the portal from start and end dates and are paid accordingly.

Early Years Pupil Premium and Disability Access Funding information is also collected and paid through the portal system.

Supplementary funding for Deprivation and Quality is also collected and paid through the portal system.

As payments are made on actual headcount no termly adjustments or claw backs are expected to be made.

5.3 Interest clawback

The LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance e.g. NNDR. The interest rate used will be the current Bank of England base rate.

5.4 Interest on late budget share payments

The LA will add interest to late payments of budget share instalments, where such late payments are the result of LA error. The interest rate used will be that is used for clawback calculations i.e. the current Bank of England base rate.

5.5 Budget shares for closing schools

The arrangements set out in section 5.1 and 5.2 will apply to closing schools.

5.6 Bank and building society accounts

New bank account arrangements may only be made with effect from the beginning of each financial year unless approval is obtained from the Chief Finance Officer to do so at any other time.

Where a new school opens an external bank account for the first time or an existing school that had its right to a local bank account restored, the LA and the school shall agree an amount to be transferred immediately to the account as the estimated surplus balance held by the LA in respect of the school's budget share. The LA will make any necessary corrections to the amount advanced when accounts for the relevant year are closed.

5.7 Restrictions on accounts

Consistent with the council's Treasury Management policy, a school may open current or deposit accounts with the following banks:

Barclays Bank

HSBC

Lloyds Bank

Natwest

Royal Bank of Scotland

A school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

A School may have accounts, which are in the name of the school. The LA will continue to offer the arrangement with the above banks that the name of the accounts can be "London Borough of Ealing [name of school]".

Where a school has an account in the name of the school, the account mandate should provide that the LA is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the LA. However, in the case of a separate bank account which is used by the school in connection with community facilities funds (Section 14 of this scheme) the account mandate should not show the LA as owner of the community facilities funds in the account except insofar as these funds have been provided by the LA itself.

Budget share funds paid by the LA and held in school accounts remain LA property until spent (s.49(5) of the Act). For advice regarding bank account operation please refer to the Finance Handbook (EGfL).

5.8 Borrowing by schools

A governing body may borrow money (including the use of finance leases) only with the written permission of the Secretary of State. The general position is that this will only be granted in exceptional circumstances although limited schemes may be introduced by the Secretary of State to meet broader policy objectives. Schools can use any scheme that the Secretary of State has made available to schools without specific approval. A current example in 2018/19 would be the Salix scheme (designed to support energy saving).

The scheme does not allow schools to apply for credit cards without the written approval from the Chief Finance Officer. The use of purchase cards should incur no interest charges by the school, with balances fully cleared on a monthly basis. Currently there is a number of schools using government approved RBS purchase cards.

Note: The DFE advise that this sub-section does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the LA when repaying loans.

5.9 Other Provisions

The LA has separate rules and guidance in respect of other aspects of banking arrangements. Please refer to the Finance Handbook. (EGfL)

6 THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

6.1 Right to carry forward surplus balances

Subject to section 4.2 of this scheme, a school shall carry forward from one financial year to the next any cumulative deficit or surplus balance from the previous year.

The amount of a surplus or deficit balance will be shown in the relevant out-turn statement published in accordance with directions given by the Secretary of State under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009

Good practice

Schools should be aware that it is good financial management to maintain reserves in the region of 5% (for secondary schools) - 8% (for nursery, primary and special schools) of the school's budget share.

6.2 Control on surplus balances

A Balance Control Mechanism (BCM) allows an authority to clawback excess surplus balances

The mechanism is focused on only those schools which have built up significant excessive uncommitted balances or a redistribution of the balance would support improved provision within Ealing schools.

- a) The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework, including creditor and debtor provisions.
- b) The Authority shall then deduct from the resulting sum: (i) Accruals falling below the year end outstanding provisions limit of £250 per account code (ii) Committed expenditure where orders were placed before 31st March but awaiting delivery for goods and services and (iii) any amounts which the school has assigned for specific purposes. All items under this category must have been signed off by the Governing Body prior to the end of the financial year in question
- c) If the result of steps a and b is a sum is the greater of 5% for secondary schools, 8% for primary and special schools and nurseries of the Ealing school income received in CFR categories I01 – I05; I18 then the authority shall deduct from the current year's budget an amount equal to the excess over the 5% and 8% levels as appropriate.
- d) At year end every school with balances above the prescribed % will need to complete a School Balances form. Any item not clearly recorded in the School Improvement plan will

be rejected and may be subject to claw back.

6.3 Interest on surplus balances

Interest on surplus balances will only be earned on amounts, which are held in the school's bank account, which shall attract interest fixed by the bank or building society where the account is held.

6.4 Obligation to carry forward deficit balances

Deficit balances must be carried forward and will be deducted from the following year's budget share.

The deficit balance would be shown on the out-turn statement published in accordance with directions given by the Secretary of State under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009.

6.5 Planning for a deficit budget

No school shall plan for a deficit budget unless it has been authorised under the LA's licensed deficit arrangements. Where a school considers that it needs to plan to incur expenditure that would be in excess of the aggregate of the school's budget share and cumulative balances it must apply to the LA for a licensed deficit. (See Paragraph 4.9)

6.6 Charging of interest on deficit balances

Interest will be charged at the Bank of England base rate on licensed deficits.

6.7 Writing off Deficits

Under the scheme, the Authority has no power to write off deficits.

The authority can give assistance towards elimination of a deficit balance. This would be through the allocation of a cash sum, from the authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

6.8 Balances of closing and replacement schools and academy conversions.

The balance (whether surplus or deficit) of a school which closes shall revert to the LA.

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, a 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.

The surplus balance of a school which closes transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. Schools must declare their intention to repay any deficit prior to converting to an Academy.

6.9 Licensed deficits

These arrangements apply to any school, which from 1 April has no deficit at the start of a financial year but considers that it needs to plan for a deficit.

Schools should only apply for a licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on the educational provision at the School.

The Purpose of the licensed deficit

The purpose of the licensed deficit process is to enable schools to:

- Identify the financial circumstances that has led to a deficit position
- Agree with the LA a plan of action and monitoring arrangements
- Take strategic action to improve the long term financial stability of the School
- Balance the budget over a period of no longer than 3 years.

Any such school must seek in writing the approval of the LA for the deficit to be licensed by completing:-

- A Licensed Deficit Application and Agreement Form.
- A Summary Recovery Plan

A detailed Deficit Recovery Plan setting out how the School budget will be balanced over a 3 year period, together with supporting documentation.

All requests should in the first instance be sent to the Senior Finance Business Advisor (SFBA) or Head of Accountancy to be reviewed. If agreed then the request, with the relevant details will be signed off by the Director of Finance and Executive Director of Childrens' and Adults.

The detailed and summary deficit recovery plans are the responsibility of the Headteacher and the Full Governing Board at the School. In preparing the plan, it is suggested that Schools seek the support of the Ealing Bursarial Support Service (if the School buys into the Service); the School Improvement Service and seek HR advice if any plans will affect the staffing at the School.

The Criteria for approving an application for a Licensed deficit

The Licensed deficit process is used by an Authority to provide schools with an appropriate level of challenge and support to help them set a balanced budget or if this is not achievable to prepare a recovery plan that sets out the action the school will take to achieve a sustainable balanced financial position over an agreed period of no longer than three years.

The Director of Finance and Executive Director of Childrens' and Adults may agree to license a deficit which is equal to or less than that requested by the school. Any such an arrangement will be funded by the collective surplus of schools' balances held by the authority on behalf of schools. In any year, the amount of existing licensed deficits and new commitments shall not exceed 30 percent of the collective surplus (ISB) held by the LA.

The LA will not unreasonably reject an application for a Licensed Deficit, and will consider the following in reaching a decision:

- The nature of the circumstances which gave rise to the deficit and specifically whether they could have been foreseen;
- The school's track record in financial management;
- The robustness of the deficit recovery plan and the appropriateness of the timescales proposed;
- Any other mitigating circumstances

The following conditions will apply to any arrangement under this scheme:

- a) The maximum length over which a school may repay a planned deficit (i.e. reach at least a zero balance) is three financial years;
- b) Requests for planned deficits may be considered where, in the opinion of the LA, the expenditure which it is proposed to fund is reasonable and satisfies one or more of the following conditions:
 - c) assists with the phasing of staff reorganisation or restructuring which cannot be achieved within the current financial year;
 - covers lumpy items of repair and maintenance work which is the responsibility of the School where it would be more effective to undertake the work in one financial year;
 - finances in part or in full capital projects.
 - d) Any school that has set a deficit budget should show how they propose to mitigate the overspend, which will include any funding available in their bank accounts.
 - e) As stated in the Scheme, schools will not be considered as being in deficit if they are planning expenditure which is not in excess of the aggregate of the school's budget share and cumulative reserves (i.e. Money in their bank accounts).
 - f) A school should only consider asking for additional support if it still expects all these other available funds to be exhausted.
 - g) Short term cashflow can be dealt with via cash advances.
 - h) The maximum size of planned deficits for which this provision will apply is 10 per cent of a school's budget share. However, it is the ability to pay the deficit which will determine the actual amount of deficit permitted.
 - i) An advisory panel of officers and head teachers may be established to advise the LA on any aspect of applications.
 - j) No school may fund a planned deficit from any other source than the LA's approved licensed deficit scheme.
 - k) No school may loan money to any other school.
 - l) Schools are to submit requests for licensed deficits before the end of Period 9 (December) if not before.

6.10 Loan schemes

Principle

The scheme provides for a loan arrangement to operate for schools whereby the Authority shall make actual payments to schools or their expenditure in respect of a particular school, on condition that a corresponding sum is repaid from the budget share. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools, and will be considered on an individual basis. The maximum proportion of the ISB reserves held by the authority which will be used to support the arrangement shall not exceed 30%,

The Authority shall show in its budget statements the amount centrally retained for this purpose as a devolved item to schools and any such payments shall appear in out-turn statements.

Loans must not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are or have been made to fund a deficit, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the

Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school in individual cases.

A school must apply for a loan in writing by completing:-

- An application for a loan which details the reasons for applying and incorporates how the School meets the criteria below.
- A Summary Recovery Plan of how the School will pay back the loan
- All requests should in the first instance be sent to the Senior Finance Business Advisor (SFBA) or Head of Accountancy to be reviewed. If agreed then the request, with the relevant details will be signed off by the Director of Finance and the Executive Director of Childrens' and Adults.

Cash values

The maximum size of any loan is 10 per cent of a school's budget share. However, it is the ability to pay the deficit which will determine the actual amount of deficit permitted.

Interest will be charged at the Council's cost of borrowing on the date on which the loan is advanced unless the authority agrees for it to be waived.

Circumstances in which a loan may be agreed:

Where a school undertakes a large project or where there is a requirement to

- repay money to the Authority (e.g. PFI schools) they may apply for a loan arrangement.
- where major capital projects which would otherwise result in the project not being undertaken and there are clear benefits to the school over more than one year (there will be a requirement of the governing body to demonstrate repayment).

Loans must only be used to assist schools in spreading the cost over more

- than one year of large one-off individual items of a capital nature that have a
- benefit to the school lasting more than one financial or academic year

The maximum length over which schools may repay the loan is 3 years which will be determined on a case by case basis, linked to the expected useful life of the asset and the ability of individual schools to repay any loan

A school should only consider asking for a loan if it has exhausted all other available funds (budget allocation plus all reserves)

Arrangement for a loan will only be agreed where the governing body agrees in

- a) writing that should the school convert to an academy, to fully repay any
- b) outstanding balance, including where relevant any associated interest, no later
- c) than one month before conversion.

Credit union approach

In some areas, as an alternative if no other scheme is available, schools may wish to group together to utilise externally held balances for a credit union approach to loans. If so the authority requires audit certification, if the authority does not itself act as administrator of the arrangement.

7 INCOME

7.1 Income from lettings

A school may retain income from lettings of the school premises, subject to alternative provisions arising from any joint use or PFI agreements. A school may cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share, and provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Schools are required to have regard to directions issued by the LA as to the use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings should be paid into the school's bank account used to receive installments of its budget share and not private or voluntary funds. A copy of the LA's current direction is attached as annex 2.

Where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land

7.2 Income from fees and charges

A school may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. A school shall be required to have regard to any policy statements on charging produced by the LA (Annex 3).

7.3 Income from fund-raising activities

A school may retain income from fund-raising activities.

7.4 Income from the sale of assets

Schools may retain the proceeds of sales of assets where the asset was purchased with delegated funds. Where the asset was purchased with non-delegated funds or is land or buildings forming part of the school premises and is owned by the authority, the authority should decide whether the school should retain the proceeds.

7.5 Administrative procedures for the collection of income

All income due to the London Borough of Ealing shall be collected in accordance with the instructions issued by the LA.

The Head teacher is responsible for ensuring that an accurate record is kept of the receipt of all sums and for their prompt banking. Money received by the school shall not be used to cash cheques belonging to employees or pupils of the school or any other person.

See also paragraph 7.1 concerning charging VAT implications for lettings, fees and charges, funding activities and sale of assets.

7.6 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.

8 THE CHARGING OF SCHOOL BUDGET SHARES

8.1 General Provision

The LA shall determine the budget share of a school to be charged by the authority without the consent of the governing body only in circumstances expressly permitted by the scheme and

requires authorities to consult schools as to the intention to so charge, and notify schools when it has been done. The LA shall not discriminate in its provision of services on the basis of categories of schools except where allowable under the school and early years finance regulations or the DSG conditions of grant

The circumstances in which such charging is permitted. The main ones are given in the following section.

The authority cannot act unreasonably in the exercise of any power given by the scheme, or it may be the subject of a direction under section 496 of the Education Act 1996.

For each circumstance the authority would have to be able to demonstrate that the authority had necessarily incurred the expenditure now charged to the budget share. This means that where the authority cannot incur a liability because the statutory responsibility rests elsewhere, no charging is possible. Therefore the position on charging will vary between categories of school.

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

8.2 Charging of salaries at actual cost

The authority is required to charge salaries of schoolbased staff to school budget shares at actual cost.

8.3 Circumstances in which charges may be charged

Except in the case of premises and liability insurances, any service which the LA provides on a buyback basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

1. Where premature retirement costs have been incurred without the prior written agreement of the authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the authority).
2. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex 4).
3. Awards by courts and employment tribunals against the authority, or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice. Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position. Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.
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.
5. Expenditure by the authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the authority or the school has voluntary controlled status.

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. The authority itself needs to consider whether it has an insurable interest in any particular case.
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.
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 other regulatory authorities as a result of school negligence.
9. Correction of authority errors in calculating charges to a budget share; for example, pension deductions. Before applying any such provision the authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable.
10. Additional transport costs incurred by the authority arising from decisions by the governing body on the length of the school day, or failure to notify the authority of non-pupil days resulting in unnecessary transport costs.
11. Legal costs which are incurred by the authority because the governing body did not accept the advice of the authority.
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.
13. Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
14. Cost of work done in respect of teacher pension remittance and records for schools using non authority payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations.
15. Costs incurred by the 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 in respect of low cost high incidence SEN or specific funding for a pupil with high needs.
16. Costs incurred by the authority due to submission by the school of incorrect data.
17. Recovery of amounts spent from specific grants on ineligible purposes.
18. Costs incurred by the authority as a result of the governing body being in breach of the terms of a contract.
19. Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
20. Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

9 TAXATION

9.1 Value Added Tax

Schools must submit VAT returns each term in a format specified by the LA. This return shall be made as part of the normal reporting arrangements for schools operating their own bank

accounts. Providing the reports supplied with the bank account return can be verified VAT will be reimbursed in the following month.

The Governing Body of any school must comply with the VAT regulations as detailed by the current legislation. VAT will be reclaimable for goods purchased from delegated and donations to the school from private funds for the purposes of the school via the authority provided the appropriate form is completed and a valid VAT invoice has been obtained. VAT claims and refunds will be made as part of the bank returns submitted by the school. Income from sales of items may also be liable to VAT in certain circumstances. For example, staff meals and sales of sports clothing and equipment will also be liable to VAT.

Detailed advice on VAT matters will be available from the LA and published on EGfL.

Her Majesty's Revenue and Customs (HMRC) has agreed that VAT incurred by schools when spending any funding made available by the authority is treated as being incurred by the authority and qualifies for reclaim by the authority.

This does not include expenditure by governors of VA schools when carrying out their statutory responsibilities to maintain the external fabric of their buildings nor capital works at GM or Foundations Schools funded directly by the DFE.

9.2 CIS (Construction Industry Taxation Scheme)

This scheme no longer applies to schools. Payments for construction work by the head teacher or governing body of a maintained school on behalf of a LA are not covered by CIS. So maintained schools do not become deemed contractors no matter how much they spend. Voluntary aided schools are not treated as CIS contractors either.

10 THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

10.1 Provision of services from centrally retained budgets

It is for the authority to determine on what basis services from centrally retained funds will be provided to schools.

The provision that encompasses existing premature retirement costs and redundancy payments will be clear as this may not ordinarily be thought of as a service.

The authority cannot discriminate in its provision of services on the basis of categories of schools, except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

10.2 Provision of services bought back from the authority using delegated budgets

Except in the case of premises and liability insurances, any arrangement made with a school starting on or after 1 April 1999 to buy services or facilities from the LA shall be limited to a maximum of three years (five years for supply of catering services) from the date of the agreement.,

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

There is no minimum period, although arrangements lasting less than 2 years may well be uneconomic.

When a service is provided for which expenditure cannot be retained centrally by the LA under 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 total income, even if schools are charged differentially.

This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or surplus is not always achievable over fixed financial years. The LA will need to be able to demonstrate that the charging policy can reasonably be expected to avoid central subsidy of services

When a service is provided for which expenditure is not retainable centrally by the authority under the regulations made under section 45A of the act, it should be offered at prices which are intended to generate income which is no less than the cost of providing those services.

The total cost of the service should be met by the total income, even if schools are charged differentially.

10.3 Packaging

Except in the case of premises and liability insurances, any service which the LA provides on a buyback basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

10.4 Service level agreements

Service level agreements must be in place by early January to the commencement of the following financial year. Schools will have at least one month to consider the terms of the agreements. Except in the case of premises and liability insurances, where the LA provides services under a service level agreement

- 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.

Any such services provided will be available on a basis which is not related to any extended agreement, as well as on the basis of such agreements.

10.5 Teachers' Pensions

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

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

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

11 PFI/PPP

The Authority will charge to the school's budget share amounts agreed under a PFI/PPP agreement for the schools concerned. The funding agreements between the Council and the governing Bodies of Schools in PFI/PPP contracts set out the rights and responsibilities of schools and the Authority in respect of payments and availability and performance deductions. Where a school wishes to consider a PFI/PPP scheme financial and legal advice must be sought from the Chief Finance Officer in the first instance.

12 INSURANCE

12.1 Insurance cover

Where funds for insurance have been included in the Individual School Budget (ISB), the Authority shall require schools which arrange their own insurance to demonstrate that cover sufficient to protect the Authority's insurable interests has been obtained. In determining the level of cover sufficient the LA must have regard to the actual risks that might reasonably be expected to arise at the school in question and not apply an arbitrary minimum level of cover for all schools.

The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier

13 MISCELLANEOUS

13.1 Right of access to information

A governing body will be required to 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.

13.2 Liability of governors

Governors of a maintained school will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

Note: An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of LA advice as to financial management, so long as the advice is considered and the governing body is reasonably justified in not following it.

13.3 Governors' expenses

The LA may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Under section 50(5) of the act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share.

Schools may not pay any other allowances other than those contained in the schedule and must not make payment for expenses duplicating those paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.

13.4 Responsibility for legal costs

Any legal costs incurred by the governing body, although the responsibility of the LA as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings, may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority. (see also section 6)

The reference to legal costs relates to the costs of actions, including any awards against the Authority, and not the cost of LA legal advice. The provision of legal advice in relation to the LA's statutory functions is funded from centrally retained funds. Legal advice for schools' delegated responsibilities is delegated and the responsibility of the school.

Conflicts of interest between schools and the LA can arise. Where there is a conflict the LA will assist the school to identify an alternative source of legal advice.

A school will not normally be reimbursed with the cost of legal action against the Authority itself (although there is nothing to stop an authority making such a reimbursement if it believes this to be desirable or necessary in the circumstances)

13.5 Health and safety

In exercising its powers and responsibilities in expending the school's budget share, a governing body must have due regard to duties placed on the LA in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Note: Under section 39(3) of the School Standards and Framework Act 1998, the LA may issue directions to the governing body and head teacher of a community or community special school on health and safety matters; these directions are enforceable, so far as governing bodies are concerned, through section 497 of the Education act 1996 if not complied with. The Health and Safety Executive is working on detailed guidance for schools.

13.6 Right of attendance for the Chief Finance Officer

The Chief Finance Officer of the Authority or any officer of the authority nominated by him/her shall have the right to attend meetings of a governing body at which any agenda items are relevant to the exercise of her or his responsibilities. The authority will give prior notice of the attendance of the Chief Finance Officer.

Note: Normally this will be items covering issues of probity or overall financial management.

13.7 Special educational needs

Schools are required to use their best endeavours in spending their budget share, to secure the special educational needs of their pupils.

This is a statutory requirement and may lead to suspension of delegation where a situation is serious enough to warrant it. This would not normally relate to an individual pupil.

13.8 Interest on late payments

Schools are required to ensure that payments are not delayed such that they attract interest under the provisions of the Late payment of Commercial Debts (Interest) Act 1988. Such interest, when claimed by a supplier, may be charged against a school's budget share.

13.9 'Whistleblowing'

The council has an agreed policy to be followed by staff and governors who wish to complain about financial management or financial propriety at a school, which cannot be raised through the management and governance structures in a school. Contact should be made with the Chief Finance Officer or the Head of Internal Audit. The Authority will make initial inquiries and decide whether further investigation is necessary. The person raising the complaint will be told the outcome of the inquiries/investigation. If they are not satisfied with the action taken, they may take the matter outside the Council, for example, the external auditor, audit commission, local councillor, trades union or professional association. At any stage, the person making the allegations may seek advice from the independent charity Concern at Work. Their confidential helpline number is 020 7404 6609.

13.10 Child Protection

The Children Act and subsequent DfE guidance requires that schools comply with the statutory child protection duties assigned in the Act. These duties include co

operation with police and social services on section 47 investigations. In this regard teaching staff should attend initial and review case conferences as part of this process. All resources for supply cover have been delegated to schools.

13.11 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Please refer to Annex 4, regarding the responsibilities for meeting Premature Retirement and Redundancy costs

14 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

The authority has delegated all funding for repairs and maintenance to schools.

Only capital expenditure is retained by the LA. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. The Authority uses the de minimis limit of £10,000 to define what expenditure is treated as capital and revenue in its financial accounts.

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

The site and buildings are regularly inspected with at least one full inspection per annum. Such inspections should include a visual inspection of the fixtures and fittings at high level both inside and outside of the building. They should also include areas inside and around the school buildings. Appropriate remedial action should be taken in respect of any problems identified.

Further guidance can be obtained via the following link:

15 COMMUNITY FACILITIES

Governing bodies' power to provide community facilities

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

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

- a) Those contained in schools' own instruments of government, if any; and
- b) in the maintaining LA's scheme for financing schools.

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

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

The mismanagement of community facilities funds can be grounds for suspension of the right to a delegate budget

15.1 Consultation with the authority – financial aspects

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 authority.

The requirement to seek LA advice should be met by submitting detailed written proposals to the Chief Finance Officer. This should be done at least a term before any the submission of formal consultation process, planning applications and so on relating to the provision of any new facilities by the school.

The term's consultation period will commence on the receipt of:

- a) A business plan for the provision of the proposed community facilities or services covering the first three years of operation
- b) In the case of capital projects which affect the existing buildings on t h e school site and/or the construction of new buildings the full plans and costing of the works proposed
- c) Details of any planning and environmental considerations and evidence of discussions with relevant regulatory agencies
- d) Expressions of support from potential user groups, local community groups, neighbouring schools, business representatives etc. as appropriate
- e) Details of how the facility will be managed and how this relates to the management of the school
- f) A statement that the proposed activities will not interfere with the overriding

purpose of the school in achieving higher standards for pupils

g) Details of any proposed funding agreements with third parties.

h) The insurance arrangements proposed

Provided the necessary information is provided in the proposal, the LA will provide advice at no charge, within six weeks of having received written proposals and details set out above from the school. Schools are required to inform the LA what action has been taken following LA advice.

15.2 Funding Agreements – authority powers

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

Any such proposed agreement should be submitted to the LA for its comments; and there is a terms requirement for doing so to give the LA adequate notice. The LA does not have a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.

Although the LA does not have a general right of veto, where an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, 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.

15.3 Other prohibition, restrictions and limitations

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

The LA would impose such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

The Council will not be liable for any redundancy or employment tribunal costs for staff employed by the governing body or by those employed by any third party supplier to the governing body. The governing body should ensure that such liabilities are covered by themselves or detailed in any agreement with a third party supplier.

The funding agreement should include an indemnity for the Council in respect of TUPE costs and for indemnity insurance to protect the Council's financial position. (see also insurance below).

Section 2. 10 of this Scheme, "Purchasing, and tendering and contracting requirements" shall apply.

The LA expects that any proposed community use should be set in the context of the Authority's Strategic, Education Development, Asset Management and School Organisation Plans.

15.4 Supply of financial information

Schools which exercise the community facilities power to provide the Authority every six months with a summary statement, in a form determined by the Authority, showing the received/due income and expenditure incurred for the school arising from the facilities in question for the

previous six months and on an estimated basis, for the next six months. This statement should be prepared on an accruals basis. A separate summary cash flow statement should be provided.

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

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework.

15.5 Audit

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

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

15.6 Treatment of income and surpluses

Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.

Schools may carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the LA at the end of each financial year, transfer all or part of it to the budget share balance. In this instance the main budget share surplus should be separately identified, in case there is a future requirement to offset a subsequent community facilities deficit.

15.7 Health and safety

Health and Safety provisions of the main scheme apply to the community facilities power.

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

15.8 Insurance

The governing bodies are responsible for ensuring that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share.

Schools must seek the Authority's advice before finalising any insurance arrangement for community facilities.

The LA may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, shall make arrangements itself and charge the cost to the school. Such costs could not be charged to the school's budget share. Such a provision is necessary in order for the LA to protect itself against possible third party claims.

15.9 Taxation

Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

Should any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

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

15.10 Banking

The school should maintain separate bank accounts for budget share and community facilities.

Schools are free to use a bank from the list in section 3.5 of this Scheme and are advised that the bank account should be named as "(SCHOOL NAME) COMMUNITY FACILITIES". The general approach to these matters will mirror those in the LA's Standing Orders and Financial Regulations and this Scheme.

Schools are reminded that they may not borrow money without the written consent of the Secretary of State.

ANNEX 1: SCHOOLS COVERED BY EALING'S SCHEME FOR FINANCING SCHOOLS

Schools covered by Ealing's scheme for financing schools as at 1 April 2019:

Primary	Primary	Primary	Special
Allenby Primary	Horsenden Primary	St Vincent's Primary	Belvue
Beaconsfield Primary	John Perryn Primary	Stanhope Primary	Castlebar
Berry Mede Infant	Khalsa Primary	Three Bridges Primary	John Chilton
Berry Mede Junior	Lady Margaret Primary	Tudor Primary	Mandeville
Blair Peach Primary	Little Ealing Primary	Vicar's Green Primary	Springhallow
Christ the Saviour Primary	Mayfield Primary	Viking Primary	St Ann's
Clifton Primary	Montpelier Primary	West Acton Primary	
Costons Primary	Mount Carmel Primary	West Twyford Primary	
Dairy Meadow Primary	North Ealing Primary	Willow Tree Primary	Nursery
Derwentwater Primary	North Primary	Wolf Fields Primary	Greenfields Children's Centre
Downe Manor Primary	Oaklands Primary	Wood End Infant	Grove House Children's Centre
Drayton Green Primary	Oldfields Primary		South Acton Children's Centre
Durdan's Park Primary	Our Lady of Visitation Primary		Maples Children's Centre
East Acton Primary	Perivale Primary	Secondary	
Edward Betham Primary	Petts Hill Primary	Brentside High	
Featherstone Primary	Ravenor Primary	Cardinal Wiseman High	
Fielding Primary	Selborne Primary	Ellen Wilkinson High	
Gifford Primary	Southfield Primary	Elthorne Park High	
Grange Primary	St Anselm's Primary	Greenford High	
Greenwood Primary	St Gregory's Primary	Northolt High	
Hambrough Primary	St John Fisher Primary	Villiers High	
Hathaway Primary	St John's Primary		
Havelock Primary	St Joseph's Primary		
Hobayne Primary	St Mark's Primary		
Holy Family Primary	St Raphael's Primary		

ANNEX 2: DIRECTIVE ON COMMUNITY USE OF SCHOOL PREMISES

The London Borough of Ealing in accordance with its powers under Schedule 13 paragraph 1 (community and community special schools) and Schedule 13 paragraph 5 (voluntary schools) of the SSFA 1998 hereby makes the following directions to the Governing Bodies of all maintained schools.

1. School premises shall be made available outside normal school hours by the Governing Body for adult education, after school clubs or children's youth service by the council unless the financial compensation offered by the Council does not cover the likely costs in the course of a year. Such notifications will not be less than one month's advance notice where such activities are additional to the published prospectus or timetable.
2. School premises shall be made available by the Governing Body for educational and Leisure purposes to increase the use of the premises by the community outside normal school hours – in the evenings and at weekends. Such lettings shall be made at a rate of charge which is reasonable.
3. The governing body shall make such arrangements as to security and additional caretaking as are necessary for the above uses to take place.
4. In the event of a dispute as to the meaning of, or application of, any of the foregoing directions such dispute shall be referred to the Executive Director of resources for a decision.
5. Schedule 13 paragraph 3 provides for the control of school premises at foundation schools to be under the control of the school's governing body subject to any transfer of control agreement entered into by the governing body and any requirements of an enactment over than SSFA 1998 or regulations made under it.

ANNEX 3:-POLICY ON CHARGING AND REMISSIONS FOR SCHOOL ACTIVITIES to provide community facilities

The responsibility for determining charges and remissions (above the statutory minimum) for all the activities noted, except for music lessons, is with individual governing bodies.

ITEM	AUTHORITY CHARGING POLICY	AUTHORITY REMISSIONS POLICY	GOVERNING BODY CHARGING POLICY	GOVERNING BODY REMISSION POLICY
Individual tuition in the playing of a musical instrument	No charge		Not applicable	Not applicable
Entry fees forexaminations not on the list of prescribed public examinations	Charge to parents	No remission	Individual governing bodies to determine charge and remission	
Preparation of pupils for entry for examinations not on the list of prescribed public examinations	No charge		Individual governing bodies to determine charge and remission	
Entry fees for re-sit of prescribed public examinations where no further preparation is provided by the school	Charge to parents	No remission	Individual governing bodies to determine charge and remission	
Entry fees where pupil has fails without producing a medical certificate to complete the requirements for any prescribed public examination for which the Authority has paid	Schools to seek a medical certificate from parents	No remission	Individual Governing Bodies to recover such fees	
Non-residential visits and other activities outside school hours and not required as part of the syllabus for a prescribed public examination or to fulfill statutory duties relating to the National Curriculum or religious education (R.E.)	Leave to Individual Governing Bodies		Individual governing bodies to determine charge and remission	
Board and lodging for field study trips for all approved examination courses	Charge to parents		Remission to pupils whose parents qualify for Free schools meals under the Authority's criteria	
Board and lodging on residential visits during schools hours	Leave to Individual Governing Bodies		Individual Governing Bodies to decide whether to grant only statutory remission or to go beyond it	
Residential visits outside school hours and not required as part of the syllabus for a prescribed public examination or to fulfil statutory duties relating to the National Curriculum or R.E.	Leave to Individual Governing Bodies		Individual governing bodies to determine charge and remission	

ANNEX 4 RESPONSIBILITIES FOR MEETING PREMATURE RETIREMENT AND REDUNDANCY COSTS BETWEEN SCHOOLS/LEA

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

Section 37 of the 2002 Education Act says:

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

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

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

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget.

In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy.

Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget:

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

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

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

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

Costs of early retirements or redundancies may only be charged to the central schools services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share.

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

(7) Where a [local authority] 1 incur costs—

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

(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

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