



**SCHEME FOR THE FINANCING OF  
SCHOOLS IN COUNTY DURHAM**

County Hall,  
Durham.  
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## List of Contents

References.....	1
1. Introduction .....	2
The Funding Framework: Main Features.....	2
The Role of the Scheme.....	3
Application of the Scheme to the Authority and Maintained Schools.....	3
Revision of the Scheme.....	3
Delegation of Powers to the Head Teacher .....	4
Maintenance of Schools .....	4
2. Financial Controls.....	5
Right of Attendance at Governing Body Meetings by the Corporate Director Resources .....	5
Application of Financial Controls to Schools.....	5
Provision of Financial Information and Reports .....	5
Payment of Salaries; Payment of Bills .....	5
Control of Assets .....	6
Accounting Policies (including year-end procedures) .....	6
Writing-off Debts .....	6
Basis of Accounting .....	6
Submission of Budget Plans.....	7
Submission of Financial Forecasts .....	7
Efficiency and Value for Money .....	8
Virement .....	8
Audit Requirements .....	8
Separate External Audits .....	8
Audit of Voluntary and Private School Funds .....	9
Register of Business Interests .....	9
Purchasing, Tendering and Contracting Requirements .....	9
Application of Contracts to Schools .....	10
Central Funds and Earmarking.....	10
Spending for purposes of the school .....	11
Capital Spending from Budget Shares.....	11
Notice of Concern .....	11
Schools Financial Value Standard (SFVS) .....	12
Fraud .....	12
Banking Arrangements .....	12
Credit Cards .....	13
Leasing .....	13
3. Instalments of The Budget Share; Banking Arrangements.....	14
Frequency of Instalments .....	14
Proportion of Budget Share Payable at Each Instalment.....	14
Interest Clawback .....	15
Interest on late Budget Share Payments .....	15
Budget Shares for Closing Schools .....	15
Bank and Building Society Accounts .....	15
Restrictions on Accounts .....	16
Other Provisions .....	17
Borrowing by Schools.....	17

4. The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares.....	18
The right to Carry Forward Surplus Balances.....	18
Interest on Surplus Balances.....	18
Obligation to Carry Forward Deficit Balances.....	18
Planning for Deficit Budgets.....	18
Charging of Interest on Deficit Balances.....	19
Writing-off Deficits.....	19
Balances of Closing and Replacement Schools.....	19
Licensed Deficits.....	19
Loan Scheme.....	20
Credit Union Approach.....	20
5. Income.....	21
Income from Lettings.....	21
Income from Fees and Charges.....	21
Income from Fund-raising Activities.....	21
Income from the Sale of Assets.....	21
Administrative Procedures for the Collection of Income.....	22
6. The Charging of School Budget Shares.....	23
General Provision.....	23
Circumstances in Which Charges May be Made.....	23
7. Taxation.....	26
Value Added Tax.....	26
CIS (Construction Industry Scheme).....	26
8. The Provision of Services and Facilities by The Authority.....	27
Provision of Services from Centrally Managed Budgets.....	27
Timescales for the Provision of Services Bought Back from the Authority Using Delegated Budgets.....	27
Packaging.....	27
Service Level Agreements.....	28
Teachers' Pensions.....	28
9. Private Finance Initiative (PFI) / Public Private Partnerships (PPP).....	30
10. Insurance.....	31
Insurance Cover.....	31
11. Miscellaneous.....	32
Right of Access to Information.....	32
Liability of Governors.....	32
Governors' Expenses.....	32
Responsibility for Legal Costs.....	32
Health and Safety.....	33
Delegation to New Schools.....	33
Excluded Pupils - Budget Adjustments.....	34
Special Educational Needs.....	34
Confidential Reporting Code.....	34
Support to Pupils in Other Schools.....	34
Child Protection.....	34
12. Responsibility for Repairs and Maintenance.....	35
13. Community Facilities Power.....	37
Introduction.....	37
Consultation with the Authority.....	37

Funding Agreements - Authority Powers .....	38
Other Prohibitions, Restrictions and Limitations .....	39
Supply of Financial Information .....	40
Audit .....	40
Treatment of Income and Surpluses.....	41
Health and Safety Matters .....	41
Insurance.....	41
Taxation.....	42
Banking.....	42

Appendix 1 – Schools Covered by this Scheme of Delegation

Appendix 2 – Illustration of Interest Clawback Calculation

Appendix 3 – Division of Responsibility for Repairs and Maintenance

## References

References throughout this scheme to:

“the Act” are to the School Standards and Framework Act 1998;

“the authority” means Durham County Council;

“the Regulations” are to the School and Early Years Finance (England) Regulations 2012 made under the Act; and

“the scheme” means this scheme for the financing of schools in County Durham.

# 1. Introduction

## The Funding Framework: Main Features

1. The funding framework which replaced Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.
2. Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget - although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items.
3. 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 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.
4. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
5. Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act.
6. The financial controls within which delegation works are set out in this 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, although the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposed or approving it subject to modification that are not acceptable to the authority.
7. Subject to any provision made by or under this scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (Note that Section 50 provides 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).

8. An authority may suspend a school's right to a delegated budget if the provisions of the 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 (s.17 of the Act).
9. The authority shall publish each year a statement setting out details of its planned School Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority shall publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
10. The authority shall publish the 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.

## **The Role of the Scheme**

11. The scheme sets out the financial relationship between the authority and the maintained schools which it funds, including the respective roles and responsibilities of the authority and the schools. The scheme does not limit unreasonably the flexibility of schools to control and deploy their budgets, recognising the need for public monies are involved to be properly accounted for and recorded. The scheme includes provisions which are binding on both parties.

## **Application of the Scheme to the Authority and Maintained Schools**

12. This scheme applies to all community, nursery, special, voluntary, foundation, (including trust), foundation special schools and Pupil Referral Units (PRUs) maintained by the authority whether they are situated in the area of the authority or situated elsewhere. Attached at Appendix 1 is a schedule of schools currently covered by this scheme.
13. The scheme does not apply to academies or any schools within County Durham that are maintained by another authority.

## **Revision of the Scheme**

14. Any revisions to the scheme shall be preceded by consultation. The authority shall consult with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval.
15. All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools

forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

## **Delegation of Powers to the Head Teacher**

16. The School Standards and Framework Act 1998 allows the governing body of a school with a delegated budget to delegate to the head teacher the responsibility for deploying resources, subject to the provisions in the scheme.
17. Governing bodies must consider the extent to which they wish to delegate their financial powers to their headteacher. It is not practicable or desirable for governing bodies to exercise day to day decisions on the use of resources and the absence of delegated powers to head teachers would be counter to the flexibility and responsiveness that delegated school budgets provide. Decisions on delegation including any revisions, must be recorded in the minutes of the governing body.
18. The authority recommends that:
  - (a) Headteachers should report back to governing body or committee meetings any actions taken under his/her delegated powers since the last meeting; and
  - (b) The headteacher should be responsible for complying with the authority's financial procedures.
19. The first formal budget plan of each financial year must be approved by the governing body or a committee of the governing body.

## **Maintenance of Schools**

20. The 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 the authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.



## **2. Financial Controls**

### **Right of Attendance at Governing Body Meetings by the Corporate Director Resources**

22. The Corporate Director Resources is responsible by virtue of Section 151 of the Local Government Act 1972 for the administration of the authority's financial affairs. The Corporate Director Resources also has a duty to report certain matters to the authority by virtue of Section 114 of the Local Government Finance Act 1988.
23. The Corporate Director Resources or a member of staff acting on his/her behalf shall have the right to attend meetings of governing bodies at which any agenda items are relevant to the exercise of his or her responsibilities.
24. The Corporate Director Resources shall therefore have the right, at his or her discretion, to require to be sent prior notice of all meetings of the governing body and of sub-committees at which financial matters are to be considered, together with full agendas and reports.
25. Attendance shall normally be limited to items which relate to issues of probity or overall financial management and will not be a matter of routine. Prior notice of attendance shall be given unless this is impracticable.

### **Application of Financial Controls to Schools**

26. All schools are required to comply with the authority's requirements on financial controls and monitoring in the management of their delegated budget, including those in the scheme and those requirements contained in more detailed publications referred to in the scheme. Such requirements include seeking the approval of the Corporate Director Resources of all financial stationery in connection with accounting, costing or stores records and the payment or collection of money.

### **Provision of Financial Information and Reports**

27. Schools are required to provide the authority with details of anticipated and actual expenditure and income termly (unless the authority has notified the school in writing that in its view the school's financial position requires more frequent submission) in a format determined by the authority which will take account of the DfE Consistent Financial Reporting framework. More frequent submissions may be required for tax and banking reconciliation purposes.

### **Payment of Salaries; Payment of Bills**

28. The annual budget, revised from time to time, provides the means for planning and controlling expenditure and income during the year. It is essential therefore that the governing body does not make decisions which result in increased expenditure or a reduction in income which is not provided for in the budget which it has approved.

29. Orders for goods and services shall be in writing on the official form of order and signed by a duly authorised person. All accounts for the supply of goods and services which are initiated within the school shall be certified as correct by the head teacher or a duly authorised officer. Where the school is participating in the Creditors Service Level Agreement with the authority, these accounts shall then be passed to the authority's Creditors, Purchasing and Administration Team for payment.
30. Where the school buys into the authority's payroll Service Level Agreement or the authority operates a service to schools in advance of formal delegation, then the authority shall be responsible for making arrangements for the preparation and checking of payrolls and the payment of all salaries and wages and shall be provided with adequate information to enable them to do this.

### **Control of Assets**

31. The head teacher shall be responsible for ensuring the security of stocks and stores within the school, and shall maintain such records and in such manner as prescribed by the authority. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. It is, however, a requirement that schools keep a register of such assets in some form.
32. Head teachers shall take stock of materials and stores at the end of each financial year. Any discrepancies between actual and recorded stocks shall be investigated by the head teacher. The governors may, on receiving a written report, resolve to write off any loss and dispose of surplus, obsolete or unwanted items, and to correct the appropriate records, subject to the authority being informed in the circumstances outlined in paragraph 44 below.

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

33. All schools are required to abide by procedures issued by the authority in relation to all accounting policies including year-end procedures.

### **Writing-off Debts**

34. Section 5 refers to administrative procedures for the collection of income, including reference to debt recovery procedures. Advice on 'writing off' debts relating to a school's budget share which become unrecoverable are laid down in procedures issued by the authority, although the ultimate responsibility of the governing body to sanction the 'write off' will not be compromised.

### **Basis of Accounting**

35. Any reports or accounts required to be furnished to the authority must either be on a cash or an accruals basis as determined by the authority.

## **Submission of Budget Plans**

36. Each school is required to prepare an annual budget plan each year having regard to the school's Development Plan and any views of the Corporate Director, Children and Adult's Services, on needs and priorities. This should set out the planned budget for all items of expenditure and income and describe all assumptions underpinning the plan. This plan requires the agreement of the governing body and must be submitted to the authority, in a format prescribed by the authority no later than 30th June of each year. Plans will be checked to ensure they are viable and will be an important aspect of the authority's role in monitoring school expenditure.
37. Each year, the authority will make available to schools key budget data to enable them to prepare budget plans and will provide schools with an annual statement showing them when this information will be available throughout the year.
38. Schools must take full account of estimated deficits and may take full account of estimated surpluses as at 31st March immediately preceding the year covered by their budget plan.
39. Having approved the initial budget plan governing bodies or a committee of the governing body must approve any subsequent virement and receive regular reports and budget monitoring during the year. In addition, schools are required to notify the Corporate Director, Resources of any such in-year revisions to their budget plans, on a termly basis, or more frequently if they prefer.

## **Submission of Financial Forecasts**

40. The authority may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. Any requests for such forecasts will be accompanied by a statement of the purposes for which the authority intends to use them.
- 40a. It is the authority's intention to provide all schools with projected budget shares for not only the following year, but the two years after to aid Medium Term Financial Planning within Schools. The budget shares / formula funding for years 2 and 3 will be indicative, based on the agreed formula for the following year and adjusted only for forecast pupil changes and changes in transitional adjustments (Minimum Funding Guarantee and Ceiling adjustments). Schools will be required to provide financial forecasts for the three years, with these plans updated annually thereafter. These arrangements will be implemented in 2015-16.

## **Efficiency and Value for Money**

41. Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.
42. It is for heads and governors to determine at school level how to secure better value for money.
43. 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.

## **Virement**

44. Once schools set a budget at the beginning of the financial year, thereafter they have the option to vire amounts between budget headings (revisions are to be notified to the Corporate Director, Resources as outlined in paragraph 39 above). It is recommended that advice from the Corporate Director Resources be obtained when virement of 1% or more of the school's budget share is planned.

## **Audit Requirements**

45. The authority's Corporate Director, Resources has a responsibility under the provisions of the Accounts and Audit Regulations 1996 to maintain an adequate and effective internal audit of the financial accounts of schools. He, or his authorised representative, shall have right of access at all times to such documents, records, cash, stocks, stores and other articles of value of the school which relate to the school's financial accounts as appear to him to be necessary for the purpose of the audit and shall be entitled to require from any employee such information and explanation as he thinks necessary for that purpose.
46. Any person who becomes aware of any financial irregularity or suspected irregularity or of any circumstances which may suggest the possibility of irregularity shall immediately notify the authority's Corporate Director, Resources who shall notify the Clerk of the Governors and the Corporate Director, Children and Adult's Services. A report shall then be submitted to a meeting of the governors either specially convened or at the next normal meeting.
47. In addition, the County Council's financial affairs are subject to approval by an external auditor appointed by the Audit Commission. The right of access mentioned above shall also apply to any request or stipulation by the external auditor.

## **Separate External Audits**

48. Governing bodies are permitted to spend funds from budget shares on any external audit certification of its accounts. Bodies should note that there is no

expectation that this will be a routine or annual practice and this need only be undertaken if the governing body wish to seek additional assurance about their accounts.

## **Audit of Voluntary and Private School Funds**

49. Any voluntary or private school funds held by schools, or trading organisations controlled by schools, must be subject to audit procedures and annual audit certification. Such audit certificates must be presented to governing bodies on an annual basis and to the authority if requested.

## **Register of Business Interests**

50. The scheme requires all contracts and tenders to be let in a proper manner in accordance with standing orders and financial regulations. Governing bodies must avoid corrupt practices and each individual governor and head teacher should avoid a situation where he or she is personally feted by those who are likely to want something from them or the County Council. To maintain the highest standards of probity, the governing body of each school covered by this scheme is required to establish a register that lists for each member of the governing body and the head teacher:

- (a) Any business interests they or any member of their immediate family have;
- (b) Details of any other educational establishments that they govern;
- (c) Any relationships between school staff and members of the governing body.

51. The register should be kept up-to-date with notification of changes and through annual review of entries. Schools should make the register available for inspection by governors, staff and parents and the authority and should publish the register, for example on a publicly accessible website.

## **Purchasing, Tendering and Contracting Requirements**

52. Every maintained school must have clear Contract Procedure Rules in place, to ensure that the school lets contracts and makes purchases in a manner consistent with procurement law and best practice. Accordingly, all schools must either produce and publish contract procedure rules of their own or adopt the authority's Contract Procedure Rules - School Version, as published on the Extranet. All purchasing, tendering and contracting matters entered into by schools must comply with whichever set of rules has been adopted by the school. Schools are also required to assess in advance, where relevant, the health and safety competence of contractors, taking account of the authority's policies and procedures.
53. Governing bodies of schools with delegated budgets enter into contracts on behalf of the authority and the authority must be shown on all such contracts to be the contracting party.

54. For clarity, the authority's Contract Procedure Rules - School Version do not:
- (d) Require schools to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
  - (e) Compel schools to seek authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
  - (f) Compel schools to select suppliers only from an approved list;
  - (g) Compel schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

### **Application of Contracts to Schools**

55. The authority may from time to time operate area based or County-wide contracts to cover services such as catering, cleaning, grounds maintenance and purchasing. On occasions when tender specifications are being drawn up, schools with delegated budgets, will be given the choice whether to participate in such contracts, or make their own arrangements. Where a school chooses to participate in an authority arranged contract they would be obliged to participate for the specified term.
56. Although governing bodies are empowered under Paragraph 3 of Schedule 1 of the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. However, some contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations - for example, contracts made by aided or foundation schools for the employment of staff.

### **Central Funds and Earmarking**

57. The authority make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations should be subject to any conditions setting out the purpose or purposes for which the funds may be used.
58. Such allocations might, for example, be sums for SEN or other initiatives funded from the central expenditure of the authority's Schools Budget or other authority budget.
59. Earmarked funding provided from centrally retained funds should only be spent on the purposes for which it is given. Schools should be able to demonstrate that this requirement has been complied with.

60. The authority may include a requirement that earmarked funds must be returned to the authority if not spent within any period stipulated by the authority.
61. The authority shall not make any deduction in respect of interest costs to the authority from payments to schools of devolved specific grant.

### **Spending for purposes of the school**

62. 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 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

### **Capital Spending from Budget Shares**

63. Governing bodies are allowed to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the Act.
64. Governing bodies shall consult the Corporate Director, Resources on any proposal to vire monies from revenue to capital purposes.

### **Notice of Concern**

65. The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Corporate Director, Resources and the Corporate Director, Children and Adult'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.
66. 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, which may include:
  - (a) Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
  - (b) Insisting that an appropriately 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 authority;
  - (d) Insisting on regular financial monitoring meetings at the school attended by authority officers;

- (e) Requiring a governing body to buy into an authority's financial management systems; and
- (f) 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.

- 67. 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.
- 68. The authority shall withdraw such a notice once the governing body has complied with the requirements imposed by the notice.

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

- 69. 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 which time of the year they wish to complete the form.
- 70. 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.
- 71. All maintained schools with a delegated budget must submit the form to the local authority before 31 March each year.

### **Fraud**

- 72. All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.
- 73. 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.

### **Banking Arrangements**

- 74. In respect of all schools not operating an external bank account all banking arrangements for official funds shall be made solely through and by the authority's Corporate Director Resources. Banking arrangements for unofficial funds, such as private school funds, shall be at the discretion of the body responsible for administering those funds.



## **Credit Cards**

75. Schools shall not obtain a credit or debit card, or any other form of purchasing or procurement card other than through application to the School Funding Team.
76. Schools with a card shall comply with the guidance notes issued from time-to-time by the School Funding Team.

## **Leasing**

77. Schools must seek advice from the authority before entering into leasing agreements and may only enter into agreements where these approved by the authority.

### **3. Instalments of The Budget Share; Banking Arrangements**

#### **Frequency of Instalments**

78. Schools without external bank accounts shall have access to their entire budget share from the start of the year. Schools with their own bank accounts will be credited in instalments at termly or monthly intervals, based on a school's full budget share, or non-pay items only, at the discretion of individual schools. Schools requiring monthly instalments must notify the authority's Corporate Director Resources in writing by 24 March preceding the financial year in question.
79. Schools with their own external bank accounts will pay all invoices and receive all due income from the bank account, but any non-school money (e.g. school meals income) must continue to be banked separately according to the requirements of the authority and any private school fund transaction must be kept outside of the local bank account arrangements.
80. For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units.
81. Top up payments for pupils with high needs shall be made on a monthly basis unless alternative arrangements have been agreed with the provider.
82. For the purposes of this section, references to bank accounts do not include petty cash imprest accounts.

#### **Proportion of Budget Share Payable at Each Instalment**

83. Instalments will be credited to external bank accounts in the first week of April, September and January for termly instalments and the first working day of each calendar month for monthly instalments. Where schools buy into the Authority's payroll SLA, such schools shall have the option to be credited with only the non-pay elements of their budget share in their external bank account.
84. Where the total budget share is to be credited, the calculation of each instalment will be based on:
  - (a) The previous year's actual pattern of expenditure for non-pay elements across all schools in the authority; plus (where a school has opted to be credited with the non-pay elements of its budget share)
  - (b) The estimated pattern of expenditure for the pay elements in the year in question based upon the locally-agreed incidence of pay dates across all schools in the authority.
85. If, at the start of a financial year, the approved budget for an individual school is not available for the beginning of April, the initial advance(s) of funding will

be based upon the non-pay related elements of the individual's school budget calculation derived from the formula. Such an advance will be recalculated upon receipt of the approved budget by the authority and an amount may then be due to or from each school's bank account by way of adjustment.

86. Schools operating external bank accounts for the first time may have a surplus balance brought forward from the previous financial year. Once this balance has been finalised by the authority it will be paid into the school's bank account, after deduction of any element which is required to balance the school budget for the ensuing financial year. Any unplanned deficit balance brought forward from the preceding financial year will be deducted from the funding transfer otherwise due to the school for the ensuing year.

### **Interest Clawback**

87. The authority will deduct from the instalments an amount equal to the estimated interest lost by the authority in making available such instalments in advance compared to the estimated weekly profile of expenditure across all schools.
88. This amount will vary from year to year depending upon the prevailing interest rate applicable immediately preceding the start of a financial year but will be fixed for the duration of that financial year. Illustrations of the calculation based on termly and monthly instalments are attached at Appendix 2.

### **Interest on late Budget Share Payments**

89. The authority will add interest to late payments of budget share instalments, where such late payment is the result of authority error. The interest rate used will be that used for clawback calculations. (See 'Interest Clawback' above).

### **Budget Shares for Closing Schools**

90. Budget shares of schools for which approval for closure has been agreed will be made available, until closure, on a monthly basis net of estimated pay costs, even if some different basis was previously used.

### **Bank and Building Society Accounts**

91. All community, nursery, special, voluntary, foundation (including trust), or foundation special schools will be allowed to open external bank accounts into which their full budget share, or non-pay costs only, can be paid. Schools will be allowed to retain all interest received from any external bank account but must bear any charges applicable to the account. External banking arrangements will only be allowed to commence from the beginning of a financial year, unless the authority agrees otherwise, and the authority must be given a minimum of three months' notice in writing by the governing body and head teacher if their school wishes to operate such arrangements.
92. If a school opens an external bank account the authority shall, if the school desires, transfer immediately to the account an amount agreed by both school

and authority as the estimated surplus balance held by the authority in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

93. Any school with a deficit balance will not be allowed an external bank account until such deficit has been cleared to the satisfaction of the authority.
94. Schools with an outstanding loan under the former loan scheme shall not be allowed an external bank account until the outstanding balance of the loan, including accrued interest, has been repaid.
95. Schools not wishing to avail themselves of an external bank account facility will have at their disposal, upon application to the authority, a petty cash imprest account which shall be operated in accordance with procedures laid down by the authority.

### **Restrictions on Accounts**

96. The authority will provide a list of banks/building societies who it regards as 'secure'. The approved list will be consistent with the authority's Treasury Management policy. Any school wishing to engage the services of an organisation not on this list will require the authority's approval of that organisation. Schools are expected to follow 'Best Value' principles in their selection of an appropriate organisation and governing bodies must ensure due impartiality and objectivity in the selection process.
97. The authority will prescribe requirements of the bank account(s) to include:
  - (a) The account mandate should provide that the authority is the owner of the funds in the account; is entitled to receive statements; and can take control of the account if the school's right to a delegated budget is suspended by the authority;
  - (b) That accounts may be in the name of the school rather than the authority but the words "Durham County Council" should appear in the title. This is to ensure that payees are aware that the school is maintained by the Council;
  - (c) Clarity that budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49(5) of the Act)
  - (d) No overdraft or borrowing facilities;
  - (e) Number and designation of signatories, which may not be limited to authority employees only, but who cannot be governors unless they are authority or school employees;
  - (f) Right of access to the authority to any such account(s);
  - (g) The type of account(s).

## **Other Provisions**

98. In order that the authority's Corporate Director Resources can carry out his/her responsibilities under Section 151 of the Local Government Act 1972 schools will be required to:-
- (a) Abide by financial control procedures as determined from time to time by the authority, including provision for security of cheques; secure storage of invoices for statutory periods; security of mailing arrangements; division of responsibilities in schools and any other requirements set out by the authority;
  - (b) Demonstrate that a monthly reconciliation of all bank accounts has been properly carried out;
  - (c) Supply expenditure/income details to the authority on a regular basis in a format determined by the authority.

## **Borrowing by Schools**

99. The facility to borrow is not normally available to schools covered by this scheme but in exceptional circumstances permission could be granted by the Secretary of State; this includes finance leases.
100. Schools may use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.
101. Schools are explicitly barred from using credit cards, which are regarded as a form of borrowing, but may use a procurement card issued by the Council, subject to complying with the terms of use.
102. This restriction 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 authority when repaying loans.

## **4. The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares**

### **The right to Carry Forward Surplus Balances**

104. All savings of expenditure against budget share in any financial year will accrue to the school and will be carried forward to the following financial year.

105. For a school with a new bank account, an interim balance transfer will take place either immediately or at a date agreed between the school and the authority and will be calculated on the following basis:

Budget share ÷ number of months since the start of the financial year

less

Actual expenditure recorded in the authority's ledger at the date of conversion

less

any outstanding commitments in respect of purchase orders raised by the school

106. This balance shall be adjusted by a reconciliation three months after the transfer of the balance, taking account of transactions in respect of the school's budget share passing through the authority's bank account since the transfer of the balance.

### **Interest on Surplus Balances**

107. Surplus balances held by the authority on behalf of schools will attract interest which will be credited to the school budget share. The calculation will be made at the year end and will assume the surplus had accrued evenly throughout the year. The interest rate shall be the average local authority inter-bank rate for the year in question.

### **Obligation to Carry Forward Deficit Balances**

108. All deficits of expenditure against budget share in any financial year will be charged against the school and will be deducted from the following year's budget share to establish the funding available to the school for the coming year.

### **Planning for Deficit Budgets**

109. No school may set a deficit budget without the prior agreement in writing of the authority. For clarity, a deficit budget is one where the gross expenditure in the budget plan exceeds the total of funding, income and the balance (surplus or deficit) brought forward from the previous year.

## **Charging of Interest on Deficit Balances**

110. Deficit balances held by schools will incur interest which will be charged to the school budget share. The calculation will be made at the year end and will assume the deficit had accrued evenly throughout the year. The interest rate shall be the average local authority inter-bank rate for the year in question.

## **Writing-off Deficits**

111. The authority cannot write off the deficit balance of any school.
112. Assistance towards the elimination of a deficit balance can only be provided 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).

## **Balances of Closing and Replacement Schools**

113. The Department for Education requires that a balance from a school which has closed will revert to the authority except that a balance transfers to an academy where a school converts to academy status under section 4 (1) (a) of the Academies Act 2010.

## **Licensed Deficits**

114. With the specific permission of the authority, schools may plan for a deficit budget, to be funded by the collective surplus of school balances held by the authority on behalf of schools.
115. The maximum length over which schools may repay the deficit shall not exceed three years.
116. Licensed deficits may only be used where the authority is satisfied that either:
- (a) The school faces a short-term funding problem that the authority is confident can be resolved within a maximum of three years and where it is in the longer-term interests of pupils in that area to allow the school to maintain current spending levels in the short-term; or
  - (b) The school has a plan to reduce costs and return to a surplus balance within three years and where it is in the longer-term interests of pupils in that area to allow the school to maintain current spending levels in the short-term.
117. The maximum permissible size of a licensed deficit shall be 20% of a school's budget share or £750,000, whichever is the greater.
118. A maximum of 10% of the collective balances held by the authority will be available to back licensed deficits.

119. Licensed deficits shall require the approval of the Corporate Director, Children and Adult's Services and the Corporate Director, Resources.
120. Schools with external bank accounts shall not be eligible to apply for a licensed deficit.

### **Loan Scheme**

121. The previous scheme provided for schools to obtain loans funded from the balances held by the authority on behalf of schools. This provision no longer applies, but existing loans will be allowed to run until their termination. Any school with an outstanding loan which either converts to an academy or obtains an external bank account must make a full repayment prior of the outstanding amount prior to conversion or the first payment of funding to its external bank account.

### **Credit Union Approach**

122. Should any group of schools wish to utilise balances held in external bank accounts to lend on a credit union approach, the authority will require audit certification of these arrangements.



## **5. Income**

### **Income from Lettings**

124. Subject to any directions issued by the authority on the use of school premises, schools are allowed to retain income from lettings of the school premises which would otherwise accrue to the authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements.
125. Schools are allowed to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant 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. However, schools should have regard to directions issued by the authority as to the use of school premises, as permitted under the Act for various categories of schools.
126. Income from lettings of school premises should not be paid into voluntary or private funds held by the school.

### **Income from Fees and Charges**

127. Except where a service is provided by the authority from centrally retained funds, schools shall be allowed to retain all fees and charges. All charges for school activities shall have regard to statutory requirements, the policy of the authority and of the governing body on such charges.
128. School meals income shall be credited to the authority where a school buys into the authority's school meals contract.
129. Income from boarding charges is collected on behalf of the authority and should not exceed that needed to provide board and lodging for the pupils concerned.

### **Income from Fund-raising Activities**

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

### **Income from the Sale of Assets**

131. Schools shall be allowed to retain the proceeds from the sale of assets except where the asset was purchased with non-delegated funds or where the asset concerned is land or buildings forming part of the premises owned by the authority.
132. Income from any sale of assets purchased originally from a delegated budget may only be used for the purposes of the school.

## **Administrative Procedures for the Collection of Income**

133. The head teacher shall be responsible for the collection of and accounting for all debts due to the school, within the procedures prescribed by the authority, including the Handling & Transportation of Cash Policy (Schools and Small Establishments).
134. Books and forms relating to the collection of income (e.g. receipt books) shall be issued only by the authority.
135. In addition, schools are required to comply with all relevant legislation regarding income, in particular VAT, as set out in detailed guidance from the authority.

## 6. The Charging of School Budget Shares

### General Provision

136. The authority is allowed to charge the budget share of a school without the consent of the governing body, but only in the circumstances permitted by the scheme and only where it has necessarily incurred the expenditure now charged to the budget share. Prior to doing so, the authority must consult schools as to its intention to charge and notify schools when this has been done.
137. In charging budget shares in this way the authority cannot act unreasonably and if it does do so it may be the subject of a direction under s.496 of the Education Act 1996.
138. 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.
139. Salaries of school-based staff shall be charged to school budget shares at actual cost.

### Circumstances in Which Charges May be Made

#### ***Premature retirement / redundancy***

140. Where premature retirement and/or redundancy 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).

#### ***Other expenditure to secure resignations***

141. Where the school has not followed authority advice.

#### ***Awards by courts and industrial tribunals***

142. Arising from action or inaction by the governing body contrary to the authority's advice. This also applies to out of court settlements in these circumstances.
143. Awards or settlements against the governing body directly would fall to be met from the budget share.

#### ***Health and safety work or capital expenditure***

144. This applies where the authority is liable and funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.

### ***Making good defects in building work***

145. Where the building work was funded by capital spending from school budget shares and where the premises are owned by the authority or the school has voluntary controlled status.

### ***Insurance for the authority's interests***

146. 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.

### ***Where money is owed following a dispute over services***

147. In respect of services provided to the school, where a dispute over the amount due has been referred to a disputes procedure set out in a service level agreement, and the result is that money is owed by the school to the authority.

### ***Recovery of penalties***

148. Where penalties are imposed on the authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.

### ***Correction of authority errors***

149. Where the authority has made errors in calculating charges to a budget share (e.g. pension deductions). Before charging the budget share in respect of this, the authority shall consider if this is reasonable.

### ***Additional transport costs***

150. Where additional transport costs are incurred by the authority arising from decisions by the governing body on the length of the school day, and failure to notify the authority of non-pupil days resulting in unnecessary transport costs.

### ***Legal costs***

151. Where legal costs which are incurred by the authority because the governing body did not follow the advice of the authority (see also section 11).

### ***Health and safety training***

152. Where staff are employed by the authority and funding for necessary training had been delegated but the training has not been carried out.

### ***Compensation to a lender***

153. Where the school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.

### ***Teacher pension remittance and records***

154. Where expenditure by the authority 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.

### ***SEN provision***

155. Where costs are incurred by the authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.

### ***Submission of incorrect data***

156. Where costs are incurred by the authority due to submission by the school of incorrect data.

### ***Ineligible spending from specific grants***

157. Where amounts need to be recovered.

### ***Breach of contract***

158. Where costs are incurred by the authority as a result of the governing body being in breach of the terms of a contract.

### ***Withdrawal from a cluster arrangement***

159. Where costs are incurred by the authority or another school as a result of the school withdrawing from a cluster arrangement, for example where this had funded staff providing services across the cluster. Schools will still be able to withdraw from cluster arrangements provided that sufficient notice is given to other relevant schools in the cluster.

### ***Admissions appeals***

160. 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.

## **7. Taxation**

### **Value Added Tax**

162. The authority is able to reclaim from HM Revenue and Customs the net cost of any VAT incurred by schools on non-business activities and school budget shares will not be charged any such VAT. In relation to funding made available by the authority, the school acts as an agent of the authority and, as such, cannot be separately registered with HM Revenue and Customs. Schools operating an external bank account will have any VAT properly incurred reimbursed on a regular basis upon submission of appropriate details in a format prescribed by the authority.
163. The authority will issue the procedures for reclaiming VAT, including the circumstances where voluntary-aided schools cannot re-claim VAT on certain of their responsibilities in relation to the school building.

### **CIS (Construction Industry Scheme)**

164. Schools will be required to abide by procedures issued by the authority in relation to the Construction Industry Scheme.

## **8. The Provision of Services and Facilities by The Authority**

### **Provision of Services from Centrally Managed Budgets**

166. The authority will determine the basis on which services from centrally retained funds, including premature retirement and redundancy costs, will be provided to schools.
167. The authority will not discriminate in its provision of services on the basis of categories of schools except where:
- (a) Funding has been delegated to some schools only; or
  - (b) Such discrimination is justified by differences in statutory duties.

### **Timescales for the Provision of Services Bought Back from the Authority Using Delegated Budgets**

168. Arrangements, other than for in respect of contracts for the supply of catering services, will be limited in duration:
- (a) For the first agreement a maximum of three years;
  - (b) For any subsequent agreement for the same services a maximum of five years;
169. For agreements in respect of contracts for the supply of catering services the limits on duration will be:
- (a) For the first agreement a maximum of five years;
  - (b) For any subsequent agreement for the same service a maximum of five years.
170. Services provided to schools by the authority for which expenditure is not retainable centrally by the authority under the Regulations made under Section 45A of the Education Act 2002 will be offered at prices which are intended to generate income which is no less than the cost of providing those services.

### **Packaging**

171. Where there is interest from schools in some form of “Buy Back” provision then the authority will seek to prepare a service level agreement which relates to that service and does not unreasonably restrict school choice. A range of service levels will be offered as far as possible but for some services it may not be practicable to isolate particular functions from an overall service on offer. The content of all “buy back” packages will be the subject of consultation with the schools covered by the scheme.

## **Service Level Agreements**

172. Normally, service level agreements (SLAs) will commence on 1 April. Schools will be allowed at least a month to consider the terms of service level agreements and in most cases will be able to terminate participation by giving notice to the authority service provider. Termination during a financial year will require part payment to be made for the service already received.
173. Where the authority provides support to schools under an SLA the terms and conditions of that agreement will be reviewed at least every 3 years.
174. SLAs will normally operate on a one year “roll-over” basis, where the agreement is automatically renewed unless a school notifies the authority that it does not wish to continue to buy into the agreement.
175. Where an extended agreement is offered, the authority will also offer schools the option of an agreement without an extension, albeit at a higher rate than for an extended agreement.
176. Services that are provided on an “as required” basis may be charged at a higher rate than that for an SLA.
177. Centrally arranged premises and liability insurance are excluded from these requirements.

## **Teachers’ Pensions**

178. 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.
179. The conditions only apply to governing bodies of maintained schools who have not entered into an arrangement with the authority to provide payroll services.
180. 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 pension data to the authority which the authority requires to submit its annual return of salary and service to Teachers’ Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.



181. 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.

## **9. Private Finance Initiative (PFI) / Public Private Partnerships (PPP)**

183. The authority will set out provisions relating to PFI or PPP agreements within Governing Body Agreements with relevant schools. These agreements will include details of the basis of charges and the treatment of monies withheld from contractors due to poor performance.
184. The authority shall have the power to charge a school's budget share with any amounts agreed due under any Governing Body Agreement entered into by the governing body in respect of any PFI/PPP agreement relating to that school.

## **10. Insurance**

### **Insurance Cover**

186. Resources in respect of insurances have been delegated to all schools. A service level agreement is offered to schools whereby the authority will arrange insurances for those schools participating.
187. A governing body making its own arrangements must demonstrate that cover relevant to the authority's insurable interests is at least as good as the relevant minimum cover arranged by the authority where the authority makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.
188. Details of the cover arranged by the governing body must be provided to the authority at least three weeks before the commencement of the cover.
189. In considering the cover arranged by a governing body, the authority shall have regard to the actual risks which might reasonably be expected to arise at the school in question, rather than applying an arbitrary minimum level of cover for all schools.

## **11. Miscellaneous**

### **Right of Access to Information**

191. As well as specific requirements listed elsewhere in this scheme, governing bodies are required to supply all other 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.

### **Liability of Governors**

192. In accordance with the provisions of s50(7) of the School Standards and Framework Act 1998, and because the governing body is a corporate body, school governors will not incur any personal financial liability in respect of actions taken in the exercise of their power to spend the delegated budget share provided they act in good faith.
193. 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 authority advice as to financial management.

### **Governors' Expenses**

194. The authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses at rates set by the authority.
195. For schools with delegated budgets, it is for each school's governing body to determine appropriate rates of expenses for its members.
196. 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. The payment of any other allowances is forbidden. Schools may not pay expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

### **Responsibility for Legal Costs**

197. This subsection refers to the cost of legal actions, including costs awarded against an authority; not the cost of legal advice provided.
198. Legal costs incurred by the governing body (although the responsibility of the authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings) may be charged to the school's budget share unless the governing body acts in accordance with the advice of the authority (see also Section 6).

199. Accordingly, schools should not expect to be reimbursed with the cost of legal action against the authority itself (although the authority can do so if it believes this to be desirable or necessary in the circumstances).
200. In the event that a governing body identifies a conflict of interest between the authority and themselves, independent legal advice may be obtained at the schools expense. In addition, the authority shall notify the governing body if it identifies a conflict of interest and shall advise the governing body that it cannot continue to provide advice on this matter and that the governing body should obtain independent legal advice.

## **Health and Safety**

201. The policy of the authority is to ensure that all reasonable and practical steps are taken to provide adequate welfare facilities and to safeguard its employees, pupils and visitors from injury or ill-health and to prevent avoidable damage to its property.
202. The authority will provide and maintain safe and healthy working conditions and looks to all concerned to play their part in the adequate control of accident prevention.
203. School governors are responsible for ensuring that the health and safety of staff, pupils and visitors are looked after, particularly in the context of their responsibility for the purchase, repair and maintenance as appropriate, of the following items:
  - (a) School equipment and materials
  - (b) Equipment used for fire fighting
  - (c) Buildings and grounds associated works
  - (d) Building cleaning (particularly use of approved cleaning materials)
204. The authority has a published statement of Health and Safety policy which all employees, pupils and school governors need to observe, including the arranging and participating in training as appropriate. Governing bodies in expending the school's budget share, must have due regard to duties placed on the authority in relation to health and safety, and to the authority's policy on health and safety matters in the management of their budget share.
205. The scheme provides that health and safety works, which are the responsibility of the governing body, may be carried out by the authority and charged to the school where health and safety risks are involved (see also Section 6).

## **Delegation to New Schools**

206. The authority may delegate powers, selectively and optionally, to temporary governing bodies of schools which have yet to receive a delegated budget.

## **Excluded Pupils - Budget Adjustments**

207. The authority will adjust school budgets in respect of permanently excluded pupils in accordance with the Financing of Maintained Schools (England) Regulations 2003.

## **Special Educational Needs**

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

## **Confidential Reporting Code**

209. The authority has adopted a policy on “whistle blowing” which sets out how employees may use the Confidential Reporting Code to raise serious concerns about any aspect of work. This policy is set out in the authority’s constitution and this can be accessed via the authority’s website:

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

## **Support to Pupils in Other Schools**

210. Schools are permitted to use delegated budget shares to meet the costs of teaching and learning of pupils registered in other schools in order to assist joint working in clusters and to assist SEN inclusion strategies.

## **Child Protection**

211. Schools will be required to release staff to attend child protection case conferences and other related events. The authority has delegated supply cover funding to schools and it will be a matter for schools to fund supply cover costs arising from these events.

## 12. Responsibility for Repairs and Maintenance

213. The authority has delegated to schools the funding and responsibilities for all repair and maintenance of school buildings and grounds. Only capital expenditure (as defined by the authority based upon the CIPFA Code of Practice on Local Authority Accounting) is permitted to be retained by the authority.
214. Repairs and maintenance expenditure may only be treated as capital if it fits the definition of capital used by the Authority for financial accounting purposes, in line with the CIPFA Code of Practice on Local Authority Accounting.
215. A *de minimis* limit has not been set as financing arrangements will be treated on a case by case basis, and in line with the defined division of responsibilities for meeting such costs, as detailed in Appendix 3.
216. Appendix 2 provides details of the division of responsibilities between schools and the authority with regard to repairs and maintenance which should aid in understanding of the interpretation of the CIPFA Code of Practice.
217. The Authority's annual capital allocation from the DfE is targeted to the areas of most urgent need in line with the authority's asset management strategy. Schools will be expected to make a financial contribution to ensure that projects can be commissioned and a planned programme of works can be undertaken each year.
218. 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. 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. If the value of work is below this limit the financial liability rests with the governing body.

### Health & Safety

219. Governing bodies are required, to have due regard to duties placed on the Local Authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of its budget share.
220. LAs may issue directions to the governing body and head teacher of a Community, Community Special or Voluntary Controlled School on health and safety matters.
221. These directions are enforceable on governing bodies via S.497 of the Education Act 1996 if not complied with.
222. 15 Section 39(3) of the School Standards and Framework Act 1998 enables LA to direct schools to take specific action (e.g. remedy a health and safety

failing) or require a governing body or head teacher to comply with a specific aspect of the LA's Health and Safety policy.

### **Contracting for Repair & Maintenance**

223. Schools are reminded when they employ contractors directly that they then have a responsibility to ensure that the contractor is competent, adequately insured and that he/she has an appropriate health and safety policy in place.
224. Also, and importantly, that they undertake all necessary risk assessments to ensure that the contractor can comply with safeguarding requirements for working in the school environment.



## 13. Community Facilities Power

### Introduction

226. Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28(2), specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.
227. However, under s.28(1), the main limitations and restrictions of the power are those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.
228. Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.
229. This part of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.
230. Schools should note that Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the School Standards and Framework Act 1998 to make mismanagement of funds received for community facilities the basis for suspension of the right to a delegated budget.

### Consultation with the Authority

231. In accordance with Section 28(4) of the Education Act 2002, before exercising the community facilities power, governing bodies must consult the authority regarding their proposals and have regard to their advice.
232. Schools are encouraged to seek the authority's advice and submit their proposals as soon as possible. The authority will provide advice to governing bodies as soon as is practicable and will endeavour to provide such advice within three months of it being requested. When submitting their proposals formally, schools must include a detailed business plan containing the following information:
- (a) The school's vision and a detailed description of the service;
  - (b) Details of any capital expenditure and the sources of income to fund it;

- (c) A detailed profile of projected income and revenue expenditure over the first 12 months of operation of the project. In particular, this should include:
- (d) One-off start-up costs
- (e) Details of staffing and associated costs (pay, on-costs, payroll and personnel overheads, etc)
- (f) Sources of revenue income and the underlying assumptions
- (g) An outline profile of the projected income and revenue expenditure in years 2 to 5 of the project;
- (h) The time it will take for the project to break-even and come into surplus, and if this is not expected within 12 months of starting, an explanation of why this cannot be achieved within this timescale;
- (i) How the governing body will cover any shortfall if the project fails and leaves a deficit;
- (j) Details of the cash flow of the business, and how any shortfall will be met given that schools cannot borrow from external sources;
- (k) Proposed banking arrangements;
- (l) Proposed audit arrangements;
- (m) Details of the Health and Safety arrangements and of the risk assessments the school has undertaken;
- (n) Details of the analysis of insurance requirements for the venture and of any additional cover that is to be arranged;
- (o) Whether or not VAT is to be reclaimed, the justification for this and what consultation there has been with the local VAT office.

233. Schools are encouraged to seek professional advice as they develop their plans and to ensure that any submission is complete before formally seeking the authority's advice about their proposals.

234. Where the authority offers advice to a school, the school must inform the authority of the action it has taken in response to that advice before embarking upon the scheme.

### **Funding Agreements - Authority Powers**

235. The provision of community facilities in schools may be dependent upon 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.

236. It is a requirement that draft funding agreements with third parties are submitted to the authority for its comments. Three months notice must be given to the authority to enable proper consideration of the financial implications of such agreements.
237. The authority cannot veto such agreements but if the third party requires authority consent to an agreement for it to proceed, the authority reserves the right to decline to give its consent.
238. If a governing body has or is about to conclude an agreement against the advice of the authority, which in the view of the authority is seriously prejudicial to the interests of the school or the authority, this may constitute grounds for suspension to the right to a delegated budget.

### **Other Prohibitions, Restrictions and Limitations**

239. The authority may, in specific instances, require that a governing body shall make arrangements to protect the financial interests of the authority by either carrying out the activities concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.
240. 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 of the Education Act 2002 states:

*(7)Where a local education authority 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.*

241. This is then modified by Section 47 of the Education Act 2011:

*(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.*

242. Section 37 of the Education act 2002 further states that:

*(9)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.*

### **Supply of Financial Information**

243. Schools which exercise the community facilities power are required to submit statements at least every six months to the authority. The format of the statement will be determined by the authority and will include a summary of actual income and expenditure, an explanation of any significant variations indicated by the figures from the previously submitted planned profile and projections of income and expenditure for the facilities in question for the following six months.

244. Where the authority has given notice to the school that it believes that there is cause for concern as to the school's management of the financial consequences in the exercising of the community facilities power, schools will be required to submit statements every three months and, where the authority sees fit, submit a recovery plan to bring the activity back into financial viability.

244.1. Other provisions may be included in specific funding agreements, which may include a requirement to submit statements on a monthly basis during the first six months of operation of any venture.

### **Audit**

245. Schools must grant access to all records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

246. Schools, in concluding funding agreements with third parties, should ensure that such an agreement contains adequate provision for access by the authority 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 the authority to satisfy itself as to the propriety of expenditure on the facilities in question.

## **Treatment of Income and Surpluses**

247. Schools will retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the authority or a third party.
248. Schools will be able to 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 authority at the end of each financial year, transfer all or part of it to the school budget share balance.
249. If a school is a community or community special school, and the authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the authority unless otherwise agreed with a funding provider.
250. If a deficit arises from the provision of community facilities and the authority needs to recover funds to meet third party liabilities, the authority will recover the deficit from the governing body. However, any such deficit can be met from the school's budget share 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.

## **Health and Safety Matters**

251. Any health and safety provisions contained in the Scheme for the Financing of Schools are extended to the community facilities power.
252. The governing body will be responsible for the costs of Disclosure and Barring Service checks for all adults involved in community activities during the school day. Governing bodies will be free to pass on such costs to a funding partner as part of an agreement with that partner.

## **Insurance**

253. It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance must not be funded from the school budget share. Advice must be sought from the authority before finalising any insurance arrangement for the community facilities.
254. In order for the authority to protect itself from possible third party claims the authority 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, may make arrangements itself and charge the resultant costs to the school.

## **Taxation**

255. Schools should seek the advice of the authority 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 authority VAT reclaim facility.
256. If any member of staff employed by the school or authority 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), the school will be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.
257. Schools will also be required to follow authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

## **Banking**

258. Schools operating their own external bank account for their school budget share (in whole or in part) will be required to maintain a separate bank account for community facilities only. Where schools do not operate their own external bank account they must utilise the authority's banking arrangement which will permit adequate separation of such funds from the school budget share and other authority funds.
259. The restrictions on bank accounts contained within Section 3 shall also apply to bank accounts for community facilities.

**Rachael Shimmin**  
**Corporate Director, Children & Adult's Services**

**Paul Darby**  
**Interim Corporate Director Resources**

**Durham County Council,**  
**County Hall,**  
**Durham**  
**June 2016**

## Appendix 1 – Schools Covered by this Scheme of Delegation

1014	Oxhill Nursery School
1016	Wingate Nursery School
1018	Aclet Close Nursery School
1021	Ox Close Nursery School
1023	Seaham Harbour Nursery School
1024	Etherley Lane Nursery School
1025	Langley Moor Nursery School
1032	Crook Nursery School
1033	Beechdale Nursery School
1035	Horden Nursery School
1038	Rosemary Lane Nursery School
1040	Tudhoe Moor Nursery School
1100	Pupil Referral Unit
2000	Seaham Ropery Walk Primary School
2001	Middlestone Moor Primary School
2002	Chilton Primary School
2003	North Park Primary School
2004	Seascape Primary School
2005	Pelton Community Primary School
2043	Seaham Westlea Primary School
2105	Edmondsley Primary School
2107	Lumley Junior School
2108	Lumley Infant and Nursery School
2114	West Pelton Primary School
2116	Nettlesworth Primary School
2123	The Sacriston Primary School
2125	Chester-le-Street Red Rose Primary School
2126	Fence Houses Woodlea Primary School
2133	Chester-le-Street Cestria Primary School
2136	Ouston Primary School
2138	South Pelaw Infant School
2146	Bournmoor Primary School
2185	Cotherstone Primary School
2205	Beamish Primary School
2208	Collierley Primary School
2210	Catchgate Primary School
2212	Annfield Plain Junior School
2213	Annfield Plain Infant School
2217	East Stanley School
2225	South Stanley Infant School
2226	South Stanley Junior School
2232	Stanley Burnside Primary School
2233	Bloemfontein Primary School
2234	Burnopfield Primary School
2254	Shotley Bridge Junior School
2257	Shotley Bridge Infant School
2259	Leadgate Junior School
2260	Leadgate Infant School
2261	Burnhope Primary School
2266	Castleside Primary School
2269	Consett The Grove Primary School
2272	Delves Lane Primary School
2276	Consett Moorside Primary School
2277	Consett Junior School

## Appendix 1 – Schools Covered by this Scheme of Delegation

2278	Consett Infant School and Nursery Unit
2301	Hamsterley Primary School
2302	Hunwick Primary School
2307	Tow Law Millennium Primary School
2308	Crook Primary School
2310	Crook Hartside Primary School
2311	Peases West Primary School
2313	Stanley (Crook) Primary School
2316	Sunnybrow Primary School
2318	Howden-le-Wear Primary School
2319	Frosterley Community School
2321	Rookhope Primary School
2322	St John's Chapel Primary School
2324	Wearhead Primary School
2326	Willington Primary School
2328	Witton-le-Wear Primary School
2329	Wolsingham Primary School
2330	Oakley Cross Primary School
2351	Byers Green Primary School
2357	Trimdon Grange Infant and Nursery School
2361	Kirk Merrington Primary School
2362	Cassop Primary School
2368	Ferryhill Station Primary School
2370	West Cornforth Primary School
2372	Coxhoe Primary School
2374	Kelloe Primary School
2385	Dean Bank Primary and Nursery School
2388	Bowburn Junior School
2389	Bowburn Infant and Nursery School
2391	Trimdon Village Community Infant School
2394	Spennymoor Ox Close Primary School
2398	Trimdon Junior School
2399	Fishburn Primary School
2400	Broom Cottages Primary and Nursery School
2401	Bp Auckland Etherley Lane Primary School
2409	Ramshaw Primary School
2410	Forest-of-Teesdale Primary School
2411	Aycliffe Village Primary School
2413	Butterknowle Primary School
2417	Escomb Primary School
2419	St Helens Auckland Primary School
2423	Thornhill Primary School
2426	Toft Hill Primary School
2428	Woodland Primary School
2430	Middleton-in -Teesdale Primary School
2433	Cockton Hill Junior School
2434	Cockton Hill Infant School
2438	Sildon Timothy Hackworth Primary School
2440	Cockfield Primary School
2442	Barnard Castle Montalbo Primary School
2453	New Brancepeth Primary School
2455	Langley Moor Primary School
2462	Witton Gilbert Primary School
2470	Pittington Primary School



## Appendix 1 – Schools Covered by this Scheme of Delegation

2472	Ludworth Primary School
2473	Sherburn Village Primary School
2475	West Rainton Primary School
2477	Bearpark Primary School
2481	Neville's Cross Primary School
2482	Sherburn Hill Primary School
2488	Newton Hall Infants' School
2494	Belmont Infant School
2497	Esh Winning Primary School
2498	Belmont Cheveley Park Primary School
2499	Laurel Avenue Community Primary School
2509	Hesleden Primary School
2516	Deaf Hill Primary School
2523	Thornley Primary School
2526	Wheatley Hill Community Primary School
2528	Wingate Junior School
2531	Wingate Infant School
2532	Horden Cotsford Junior School
2534	Horden Cotsford Infant School
2536	Shotton Primary School
2540	Acre Rigg Infant School
2563	Sedgefield Primary School
2593	Sedgefield Hardwick Primary School
2704	Copeland Road Primary School
2705	St. Andrew's Primary School
2706	Byerley Park Primary School
2708	Horndale Infant School
2729	Langley Park Primary School
2730	Shield Row Primary School
2731	South Hetton Primary School
2733	Yohden Primary School
2734	Howletch Lane Primary School
2736	Dene House Primary School
2737	Blackhall Colliery Primary School
2742	Vane Road Primary School
2743	Sugar Hill Primary School
2744	Pelton Roseberry Primary School
2745	Bullion Lane Primary School
2746	Easington Colliery Primary School
2747	Durham Gilesgate Primary School
2748	Finchale Primary School
2749	Benfieldside Primary School
2750	Spennymoor King Street Primary School
2751	Framwellgate Moor Primary School
2943	Chester-le-Street Newker Primary School
3031	Chester-le-Street CE Controlled Junior School
3063	Ebchester CE Primary School
3085	St Stephen's Church of England Primary School
3087	Stanhope Barrington CE Primary School
3111	Startforth Morrith Mem. CE Controlled Primary School
3121	Green Lane CE Controlled Primary School
3123	St. Anne's CE Controlled Primary School, Bishop Auckland
3130	Evenwood CE Controlled Primary School
3131	Gainford CE Controlled Primary School

## Appendix 1 – Schools Covered by this Scheme of Delegation

3134	Ingleton CE Controlled Primary School
3141	Staindrop CE Primary School
3161	Belmont CE Controlled Junior School
3165	St. Oswald's CE Aided Infant and Nursery School, Durham
3167	Shincliffe CE Controlled Primary School
3168	St. Margaret's CE Controlled Primary School, Durham
3182	Easington CE Controlled Primary School
3183	Hutton Henry CE Controlled Primary School
3213	Lanchester Endowed Parochial Controlled Primary School
3300	St. Cuthbert's RC VA Primary School, New Seaham
3301	St. Mary Magdalen RC VA Primary School
3303	Bowes Hutchinson Endowed CE Primary School
3343	St. Cuthbert's RC VA Primary School, Chester-le-Street
3344	St. Bede's RC VA Primary School, Sacriston
3346	St. Benet's RC VA Primary School, Ouston
3381	St. Joseph's RC VA Primary School, Stanley
3382	St. Patrick's RC VA Primary School, Dipton
3384	St. Mary's RC VA Primary School, South Moor
3401	St. Mary's RC VA Primary School, Blackhill
3403	St. Pius X RC VA Primary School, Consett
3404	St. Patrick's RC VA Primary School, Consett
3406	Esh CE Aided Primary School
3407	St. Michael's RC VA Primary School, Esh Laude
3409	Our Lady & St. Joseph's RC VA Primary School, Brooms
3411	Bishop Ian Ramsey CE Aided Primary School
3413	All Saints' Catholic VA Primary School, Lanchester
3421	St. Cuthbert's RC VA Primary School, Crook
3425	Our Lady and St. Thomas RC VA Primary School, Willington
3441	St Michael's C of E (Aided) Primary School, Bishop Middleham
3442	St. Williams RC VA Primary School, Trimdon
3444	St. Charles' RC VA Primary School, Tudhoe
3461	St. Mary's RC VA Primary School, Barnard Castle
3462	St. Wilfrid's RC VA Primary School, Bishop Auckland
3465	St. Chad's RC VA Primary School, Bishop Auckland
3469	St. Joseph's RC VA Primary School, Coundon
3470	St. Mary's RC VA Primary School, Newton Aycliffe
3471	St. Joseph's RC VA Primary School, Newton Aycliffe
3472	St. Francis CE Aided Junior School, Newton Aycliffe
3481	St. Patrick's RC VA Primary School, Langley Moor
3483	Our Lady Queen of Martyrs' RC VA Primary School, Newhouse
3485	St. Hild's College CE Aided Primary School, Durham
3486	St. Godric's RC VA Primary School, Durham
3488	St. Joseph's RC VA Primary School, Ushaw Moor
3489	St. Joseph's RC VA Primary School, Durham
3491	Blue Coat CE Aided Junior School
3492	St. Thomas More RC VA Primary School, Durham
3501	St. Joseph's RC VA Primary School, Murton
3502	St. Godric's RC VA Primary School, Thornley
3504	Our Lady of Lourdes RC VA Primary School, Shotton
3505	St. Mary's RC VA Primary School, Wingate
3506	St. Joseph's RC VA Primary School, Blackhall
3507	Our Lady Star of the Sea RC VA Primary School
3510	Our Lady of the Rosary RC VA Primary School
3511	Blessed John Duckett RC VA Primary School, Tow Law

## Appendix 1 – Schools Covered by this Scheme of Delegation

3513	St. John's CE Aided Primary School, Shildon
3516	Prince Bishops Primary School
3518	Woodham Burn Community Primary School
3519	Silver Tree Primary School
3520	Seaview Primary School, Deneside
3522	Tanfield Lea Community Primary School
3523	Woodhouse Community Primary School
3524	Seaham Trinity Primary School
3525	Brandon Primary School
3526	Greenland Community Primary School
3527	Shotton Hall Primary School
4019	Seaham School of Technology
4052	Fyndoune Community College
4099	Tanfield School, Specialist College of Science & Engineering
4139	Wolsingham School & Community College
4150	Ferryhill Business and Enterprise College
4154	Whitworth Park School and Sixth Form College
4162	Bishop Barrington School
4176	Greenfield Community College, a Specialist Arts & Science School
4180	Sunnydale Community College for Maths and Computing
4185	Belmont Community School
4191	Durham Sixth Form Centre
4192	Durham Community Business College
4200	Durham Johnston Comprehensive School
4214	Dene Community School of Technology
4218	Wellfield Community School - Specialist Maths & Computing College
4231	Sedgefield Community College
4691	St. Leonard's Catholic School
4693	St. Bede's Catholic Comprehensive School, Peterlee
7000	The Meadows School
7006	Elemore Hall School
7013	Hare Law School
7014	Walworth School
7028	Villa Real School
7030	Windlestone School
7032	Durham Trinity School and Sports College
7033	The Oaks Secondary School
7034	Evergreen School

## Appendix 2 – Illustration of Interest Clawback Calculation

Termly Payments											
	Wk	School without an external bank account				School with an external bank account				Diff- erence in interest earned	Amount deducted from transfer to school's external bank account
		Balance held by DCC at start of week	Expend- iture by School	Balance held by DCC at end of week	Interest earned by DCC on balance	Balance held by DCC at start of week	Amount trans- ferred to school's external bank account	Balance held by DCC at end of week	Interest earned by DCC on balance		
		£	£	£	£	£	£	£	£	£	£
April	1	400,000	370	399,630	302	400,000	143,030	256,970	194	108	1,078
	2	399,630	370	399,260	301	256,970		256,970	194	107	
	3	399,260	1,870	397,390	300	256,970		256,970	194	106	
	4	397,390	26,330	371,060	280	256,970		256,970	194	86	
May	5	371,060	1,770	369,290	279	256,970		256,970	194	85	
	6	369,290	2,620	366,670	277	256,970		256,970	194	83	
	7	366,670	2,370	364,300	275	256,970		256,970	194	81	
	8	364,300	2,890	361,410	273	256,970		256,970	194	79	
	9	361,410	27,620	333,790	252	256,970		256,970	194	58	
June	10	333,790	750	333,040	251	256,970		256,970	194	57	
	11	333,040	2,620	330,420	250	256,970		256,970	194	56	
	12	330,420	5,240	325,180	246	256,970		256,970	194	52	
	13	325,180	27,840	297,340	225	256,970		256,970	194	31	
July	14	297,340	4,000	293,340	222	256,970		256,970	194	28	
	15	293,340	1,760	291,580	220	256,970		256,970	194	26	
	16	291,580	780	290,800	220	256,970		256,970	194	26	
	17	290,800	5,620	285,180	215	256,970		256,970	194	21	
	18	285,180	25,560	259,620	196	256,970		256,970	194	2	
Aug	19	259,620	200	259,420	196	256,970		256,970	194	2	
	20	259,420	420	259,000	196	256,970		256,970	194	2	
	21	259,000	640	258,360	195	256,970		256,970	194	1	
	22	258,360	26,390	231,970	175	256,970		256,970	194	(19)	
Sept	23	231,970	1,230	230,740	174	256,970	131,790	125,180	95	79	591
	24	230,740	2,730	228,010	172	125,180		125,180	95	77	
	25	228,010	1,980	226,030	171	125,180		125,180	95	76	
	26	226,030	26,650	199,380	151	125,180		125,180	95	56	
Oct	27	199,380	3,000	196,380	148	125,180		125,180	95	53	
	28	196,380	1,640	194,740	147	125,180		125,180	95	52	
	29	194,740	1,410	193,330	146	125,180		125,180	95	51	
	30	193,330	2,390	190,940	144	125,180		125,180	95	49	
	31	190,940	27,100	163,840	124	125,180		125,180	95	29	
Nov	32	163,840	1,500	162,340	123	125,180		125,180	95	28	
	33	162,340	1,810	160,530	121	125,180		125,180	95	26	
	34	160,530	1,510	159,020	120	125,180		125,180	95	25	
	35	159,020	27,620	131,400	99	125,180		125,180	95	4	
Dec	36	131,400	1,870	129,530	98	125,180		125,180	95	3	
	37	129,530	1,650	127,880	97	125,180		125,180	95	2	
	38	127,880	2,100	125,780	95	125,180		125,180	95	-	
	39	125,780	25,600	100,180	76	125,180		125,180	95	(19)	
Jan	40	100,180	-	100,180	76	125,180	125,180	-	-	76	601
	41	100,180	2,210	97,970	74	-		-	-	74	
	42	97,970	1,870	96,100	73	-		-	-	73	
	43	96,100	1,990	94,110	71	-		-	-	71	
	44	94,110	26,700	67,410	51	-		-	-	51	
Feb	45	67,410	950	66,460	50	-		-	-	50	
	46	66,460	1,100	65,360	49	-		-	-	49	
	47	65,360	750	64,610	49	-		-	-	49	
	48	64,610	25,610	39,000	29	-		-	-	29	
March	49	39,000	1,840	37,160	28	-		-	-	28	
	50	37,160	3,000	34,160	26	-		-	-	26	
	51	34,160	3,340	30,820	23	-		-	-	23	
	52	30,820	28,580	2,240	2	-		-	-	2	
April	53	2,240	1,870	370	-	-		-	-	-	
	54	370	370	-	-	-		-	-	-	
	55	-	-	-	-	-		-	-	-	
	56	-	-	-	-	-		-	-	-	
			400,000		8,153		400,000		5,883	2,270	2,270

This calculation is based on:

- 1 A budget of £300,000 for pay and £100,000 other
- 2 Profile of non-pay expenditure for schools in previous financial year
- 3 One-third of pay budget paid each term
- 4 Termly instalments of non-pay budget based on profile for schools in previous financial year
- 5 Interest rate of 3.9375%

## Appendix 2 – Illustration of Interest Clawback Calculation

Termly Payments											
	Wk	School without an external bank account				School with an external bank account				Diff- erence in interest earned	Amount deducted from transfer to school's external bank account
		Balance held by DCC at start of week	Expend- iture by School	Balance held by DCC at end of week	Interest earned by DCC on balance	Balance held by DCC at start of week	Amount trans- ferred to school's external bank account	Balance held by DCC at end of week	Interest earned by DCC on balance		
		£	£	£	£	£	£	£	£	£	£
April	1	400,000	370	399,630	302	400,000	28,940	371,060	280	22	378
	2	399,630	370	399,260	301	371,060		371,060	280	21	
	3	399,260	1,870	397,390	300	371,060		371,060	280	20	
	4	397,390	26,330	371,060	280	371,060		371,060	280	-	
May	5	371,060	1,770	369,290	279	371,060	37,270	333,790	252	27	
	6	369,290	2,620	366,670	277	333,790		333,790	252	25	
	7	366,670	2,370	364,300	275	333,790		333,790	252	23	
	8	364,300	2,890	361,410	273	333,790		333,790	252	21	
	9	361,410	27,620	333,790	252	333,790		333,790	252	-	
June	10	333,790	750	333,040	251	333,790	36,450	297,340	225	26	
	11	333,040	2,620	330,420	250	297,340		297,340	225	25	
	12	330,420	5,240	325,180	246	297,340		297,340	225	21	
	13	325,180	27,840	297,340	225	297,340		297,340	225	-	
July	14	297,340	4,000	293,340	222	297,340	37,720	259,620	196	26	
	15	293,340	1,760	291,580	220	259,620		259,620	196	24	
	16	291,580	780	290,800	220	259,620		259,620	196	24	
	17	290,800	5,620	285,180	215	259,620		259,620	196	19	
	18	285,180	25,560	259,620	196	259,620		259,620	196	-	
Aug	19	259,620	200	259,420	196	259,620	25,000	234,620	177	19	
	20	259,420	420	259,000	196	234,620		234,620	177	19	
	21	259,000	640	258,360	195	234,620		234,620	177	18	
	22	258,360	26,390	231,970	175	234,620		234,620	177	(2)	
Sept	23	231,970	1,230	230,740	174	234,620	25,000	209,620	158	16	124
	24	230,740	2,730	228,010	172	209,620		209,620	158	14	
	25	228,010	1,980	226,030	171	209,620		209,620	158	13	
	26	226,030	26,650	199,380	151	209,620		209,620	158	(7)	
Oct	27	199,380	3,000	196,380	148	209,620	32,540	177,080	134	14	
	28	196,380	1,640	194,740	147	177,080		177,080	134	13	
	29	194,740	1,410	193,330	146	177,080		177,080	134	12	
	30	193,330	2,390	190,940	144	177,080		177,080	134	10	
	31	190,940	27,100	163,840	124	177,080		177,080	134	(10)	
Nov	32	163,840	1,500	162,340	123	177,080	32,440	144,640	109	14	
	33	162,340	1,810	160,530	121	144,640		144,640	109	12	
	34	160,530	1,510	159,020	120	144,640		144,640	109	11	
	35	159,020	27,620	131,400	99	144,640		144,640	109	(10)	
Dec	36	131,400	1,870	129,530	98	144,640	31,220	113,420	86	12	
	37	129,530	1,650	127,880	97	113,420		113,420	86	11	
	38	127,880	2,100	125,780	95	113,420		113,420	86	9	
	39	125,780	25,600	100,180	76	113,420		113,420	86	(10)	
Jan	40	100,180	-	100,180	76	113,420	32,770	80,650	61	15	44
	41	100,180	2,210	97,970	74	80,650		80,650	61	13	
	42	97,970	1,870	96,100	73	80,650		80,650	61	12	
	43	96,100	1,990	94,110	71	80,650		80,650	61	10	
	44	94,110	26,700	67,410	51	80,650		80,650	61	(10)	
Feb	45	67,410	950	66,460	50	80,650	28,410	52,240	39	11	
	46	66,460	1,100	65,360	49	52,240		52,240	39	10	
	47	65,360	750	64,610	49	52,240		52,240	39	10	
	48	64,610	25,610	39,000	29	52,240		52,240	39	(10)	
March	49	39,000	1,840	37,160	28	52,240	36,760	15,480	12	16	
	50	37,160	3,000	34,160	26	15,480		15,480	12	14	
	51	34,160	3,340	30,820	23	15,480		15,480	12	11	
	52	30,820	28,580	2,240	2	15,480		15,480	12	(10)	
April	53	2,240	1,870	370	-	15,480		15,480	12	(12)	
	54	370	370	-	-	15,480		15,480	12	(12)	
	55	-	-	-	-	15,480		15,480	12	(12)	
	56	-	-	-	-	15,480		15,480	12	(12)	
			400,000		8,153		384,520		7,607	546	546

This calculation is based on:

- 1 A budget of £300,000 for pay and £100,000 other
- 2 Profile of non-pay expenditure for schools in previous financial year
- 3 One-third of pay budget paid each term
- 4 Termly instalments of non-pay budget based on profile for schools in previous financial year
- 5 Interest rate of 3.9375%

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>(A) STRUCTURE</b>		
<b>Foundations, dead walling, oversite concrete sleeper walls and damp proof courses:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	All repairs.
<b>Structural frames, steel, timber or concrete including all components and fixings:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	All repairs including maintaining protective systems where exposed.
<b>Floor structures, ground floor slabs including ducts:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	All repairs including maintaining protective systems where exposed.  Floor finishes, covings, nosings, cover and expansion strips including screed replacement.
<b>Flat roof structures:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	All repairs including maintaining protective systems where exposed.
<b>Flat roof coverings, screeds and insulation with associated flashings, gutterwork, edge trims and fascias:</b>	Replacement of all or substantially all of roof area	All repairs and cleaning.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Flat roof drainage including gutters, downpipes and associated fittings:</b>		Repair and replacement and cleaning.
<b>Pitched roof structures:</b>	Replacement of all or substantial part of the structure including trusses to prevent imminent, or correct actual, major failure of the structure.	All repairs.
<b>Pitched roof coverings, and insulation with associated flashings, gutterwork, barge boards and fascias:</b>	Replacement of all or substantially all of roof area.	All repairs
<b>Pitched roof drainage including gutters, downpipes and associated fittings:</b>		Repair and replacement.
<b>Roofglazing, rooflights, skylights, verandahs:</b>		Repair and replacement.
<b>Ceilings including structure, suspension systems, tiles, linings and applied finishes</b>		Repair and replacement.
<b>Staircases and landing structures:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	Repairs including maintaining protective systems where exposed. Handrails and balustrades. Finishes and coverings as floors above.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>External walls and surfaces, chimney stacks and flues, including insulation, steel chimneys:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	<p>All repairs and repointing.</p> <p>Repair/replacement external wall finishes; exposed finishes, plaster etc.</p> <p>Repair/replacement solid fuel enclosed fires and fireplaces including grates, cheeks and hearth. Cleaning of flues and chimneys.</p>
<b>Internal walls, load-bearing partitions and screens:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure including various internal finishes, linings and decorations.	All repairs.
<b>Non-structural partitions, toilet and shower cubicles. Glazing, frames, casings, architrave's, picture rails, skirtings, plaster and surface finishes.</b>		Repair/replacement and minor alterations.
<b>Windows, curtain walling:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	<p>All repairs and replacement where necessary.</p> <p>Repair/replacement glazing, putty, ironmongery, sash cords, easing and adjusting. Additional draught stripping.</p>



### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	LA RESPONSIBILITY	DELEGATED SCHOOL RESPONSIBILITY
<b>Internal doors, external doors, screens with all fittings, glazing and ironmongery.</b>		Repair/replacement all doors, easing and adjusting, key cutting, lock replacement.  Additional draught stripping.
<b>Pest control</b>	Major structural dry or wet rot or woodworm.	Timber preservation, insecticidal spraying, insect and rodent control.  As per responsibilities shown elsewhere.
<b>(B) DECORATION</b>		
		All internal and external decoration including cleaning, preparation of surfaces and repairs prior to painting.
<b>(C) WATER AND DRAINAGE SERVICES</b>		
<b>Internal water supply services, including pumps, pipe replacements, tanks, cylinders, cisterns and insulation:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of all individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework/insulation; repair of leaks and burst pipes. All replacement of taps, valves, ballvalves including adjustment and re-washing.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	LA RESPONSIBILITY	DELEGATED SCHOOL RESPONSIBILITY
<b>Sanitary fittings/equipment including sinks, drainers, baths, showers, wash basins and traps, WC suites, drinking fountains, stands and supports:</b>		Repair/replacement of all equipment and fittings. Bath panels and re-enamelling inside baths.
<b>Fixed fire hose reels:</b>		Repair/replacement.
<b>Waste and soil drainage systems, drainage channels, traps, gratings, access covers and frames:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework. Cleansing. CCTV surveys, clearing blockages. The maintenance, cleaning and repair of all field drains, culverts, ditches, rivers and other water courses. Including trash grids, silt chambers and other ancillary equipment and structures.
<b>(D) FURNITURE AND FITTINGS</b>		
<b>Internal joinery fixtures: including kitchen units, cupboards, shelves, picture rails, cloakroom rails and stands, coat hooks, internal signs, notice or display boards, fixed benches and other internal seating with its coverings.</b>		Repair/replacement.
<b>Fixed sports and gymnasium equipment:</b>		Repair/replacement.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Blinds, curtain tracks, etc.</b>		Repair/replacement.
<b>(E) EXTERNAL WORKS</b>		
<b>Demolition:</b>	Demolition of buildings and clearance of sites; sealing of drains and services.	
<b>Paths and steps, hard paved areas; roads, play-grounds, car parks, tennis courts, 5 a side areas.</b>	Renewal of tar paved areas.	All repairs and maintenance. Includes repairs to potholes and paving slabs including sweeping-off gravel. Lines and markings.
<b>Retaining walls:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure.	All repairs and repointing.
<b>Perimeter and boundary walls, all fencing and gates:</b>		Repair/replacement.
<b>Flag poles, school name boards and other joinery fixtures and structures.</b>		Repair/replacement.
<b>Mains drainage including traps, gullies and manholes:</b>	Major replacement of complete systems or a substantial part of the systems.	Repair/replacement of all individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework including investigations; cleaning drainage systems, grease traps, etc., and clearing blockages.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Refuse containers, bins, clothes lines and posts:</b>		Repair/replacement.
<b>Pest/vermin control:</b>		All control measures.
<b>Gas, electric, water mains and heating mains:</b>	Major replacement of complete systems or a substantial part of the systems.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework including investigations. Emergency call-out.
<b>Temporary buildings and ancillary buildings constructed and installed at LA cost:</b>	Maintenance as set down for the appropriate building element.	Maintenance as set down for the appropriate building element as per manufacturers instruction.
<b>Ancillary buildings erected at school cost and all greenhouses</b>		All repair/replacement.
<b>Mature trees:</b>		All maintenance/removal.
<b>Grounds playing fields, amenities, land, landscape areas and boundary hedges, pitch and court markings, nets, posts.</b>		All upkeep and maintenance.
<b>(F) MISCELLANEOUS</b>		

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Asbestos containing materials:</b>	<p>Specialist removal of damaged/disturbed asbestos containing materials.</p> <p>Notes</p> <p>(1) Where a school commissions an improvement project which requires the removal of asbestos then they would be expected to meet that cost.</p> <p>(2) If a school's action negligently causes release of asbestos then the LA reserves the right to charge the cost to the schools budget.</p> <p>(3) The LA has an asset management plan which includes details of asbestos located in schools. Schools are required to inform the LA immediately of any works where asbestos is or may be involved.</p>	<p>Inspection of asbestos containing materials. Sealing/encapsulation. Replacement where removed unless part of capitalised maintenance programme. Sampling and testing; air tests.</p>
<b>Graffiti, vandalism, malicious damage:</b>		All graffiti removal and repairs.
<b>Portable fire-fighting appliances, extinguishers, fire blankets and hand operated bells.</b>		Provision of, cleaning, servicing, re-filling and replacement. (Incidents of fire are covered by insurance and must be immediately reported to the LA).

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	LA RESPONSIBILITY	DELEGATED SCHOOL RESPONSIBILITY
<b>(G) ELECTRICAL SERVICES</b>		
<b>Electrical installations including distribution boards, switchgear, cabling, conduits, trunking, fittings and accessories:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories including lighting switches, socket outlets, spur fuses, plug tops, flexible cable to portable appliances (electric kettles, etc.); renewal of luminaires; repair/replacement of isolated circuits.  Servicing Electrical Installations including service agreements for installations and equipment.
<b>Alarm, emergency, time and call bell systems, cabinets, batteries, controls, wiring, relays, automatic detectors, break glass pushes, sounders, electromagnetic door holders, master clock systems, programmers, pushes, reset units, indicator boards, handsets, intruder alarms, CCTV installations, cameras, monitors, door access systems (excluding systems purchased at school cost):</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits.  Repair/replacement/servicing of systems.  Repair and renewal and maintenance of items purchased at school cost.  Reset of intruder alarms, time controls, time clocks, fire detection or similar systems.
<b>Fan convectors and other fixed space and water heating equipment, fixed ventilation units, thermostats, external controls, isolators and time switches:</b>	Renewal where part of major replacement of complete electrical installations or of a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits. Re-setting time switches, general cleaning.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Extractor fans, window, wall and roof mounted, all wiring and controls:</b>	Renewal where part of major replacement of complete electrical installations or of a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits. Cleaning surfaces of canopies and fan apertures.
<b>Off-peak heating units, on-peak heating units, underfloor heating cables, including all elements, wiring controls, isolators and thermostats:</b>	Renewal where part of major replacement of complete electrical installations or of a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits. General cleaning.
<b>Electric incinerators and macerators, stand-by generators, air-raid warning sirens etc.:</b>	Renewal where part of major replacement of complete electrical installations or of a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits. General cleaning.
<b>Lifts, hoists, barriers, electric door motors and controls, window cleaning cradles, beams, cradles and winches:</b>	Major replacement of complete installations or a substantial part of the installations	Repair/replacement of individual items of equipment, fittings and accessories; repair/replacement of isolated circuits. Glazing, cleaning doors, tracks and car interiors.
<b>Specialist external equipment, earthing, lightning conductors.</b>		Repair/replacement.
<b>Testing:</b>		Testing of electrical installations and equipment including Portable Appliance Testing.
<b>(H) KITCHEN AND LAUNDRY EQUIPMENT</b>		

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Fixed cooking equipment including ovens, ranges, fryers, boilers, steamers and mixers, heated trolleys, cold rooms, fixed water boilers and sterilising sink heaters, refrigerators:</b>	Renewal where part of major kitchen refurbishment.	Repair/replacement of individual items of equipment, fittings and accessories. General cleaning.
<b>Washing machines, tumble dryers, hydro extractors, irons:</b>	Renewal where part of major laundry refurbishment.	Repair/replacement of individual items of equipment, fittings and accessories. General cleaning.
<b>(I) MECHANICAL SERVICES</b>		
<b>Boilers, including automatic controls and electrics:</b>	Replacement	Repair. Replacement of controls and electrics where not associated with boiler plant renewal.
<b>Ancillary boiler equipment: pumps and tanks:</b>		Repair/replacement.
<b>Heating and domestic hot water distribution systems including pumps, pipe replacements, tanks, cylinders, cisterns and insulation:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework/insulation; repair of leaks and burst pipes. Replacement of taps, valves, ballvalves including adjustment and re-washing.
<b>Radiators and mechanical convectors:</b>	Renewal where part of major replacement of complete heating installations or of a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and accessories. Cleaning of mechanical convector heater filters. (Note - Asbestos can be present).



### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Servicing:</b>		Servicing of mechanical services installations, plant and equipment including service agreements.
<b>Overflows from tanks feeding heating, domestic hot water and tank water systems.</b>		Repair/replacement.
<b>Gas distribution systems:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework; repair of leaks. All replacement of taps, valves.
<b>Fixed air-conditioning and ventilation equipment:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework/ductwork.
<b>Direct oil and gas fired heater units:</b>	Major replacement of complete installations or a substantial part of the installations.	Repair/replacement of individual items of equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework/ductwork.
<b>Sewage pumping chambers:</b>	Replacement of all or substantial part of the structure to prevent imminent, or correct actual, major failure of the structure including sewage pumps.	All repairs.

### Appendix 3 – Division of Responsibility for Repairs and Maintenance

	<b>LA RESPONSIBILITY</b>	<b>DELEGATED SCHOOL RESPONSIBILITY</b>
<b>Swimming pool plant:</b>	Major replacement of complete installations or a substantial part of the installations; the main pool.	Repair/replacement of individual items of plant, equipment, fittings and ancillaries; repair/replacement of isolated sections of pipework/ductwork, walkways, footpaths, tiled areas, changing facilities, other surfaces and finishes. Chemical dosing and water testing. Pool Covers - repair and replacement.
<b>Fume cupboards, including extractor fans and ductwork.</b>		Repair/replacement.
<b>School kitchens and serveries:</b>	Replacement.	All repairs and maintenance