

Guidance

Checklist guidance

Updated 21 September 2022

Applies to England

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A. Governance

1. In the view of the governing body and senior staff, does the governing body have adequate and up-to-date financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money? Is there a plan in place to address any gaps?

What this question means

Why it is important for the governing body to have adequate and up-to-date financial skills

It is essential for the governing body to have access to adequate financial skills and to maintain these skills to ensure they meet their statutory responsibilities for the financial management of the school and can safeguard the large amounts of public money for which they are responsible.

Not all governors need all these skills, but collectively members of the governing body (and finance committee or equivalent) should have these skills among them. Schools should ensure they have a plan in place to fill any gaps in knowledge.

Why it is important for the governing body to challenge and support the headteacher

The governing body has a statutory responsibility to support and challenge the headteacher. Members of the governing body do this to ensure that:

- resources are deployed appropriately in line with the school's priorities
- planned levels of financial performance are achieved
- the school avoids incurring financial loss and waste
- the school receives favourable audit assessments

The key financial roles of the governing body and its committees

The governing body is given its powers and duties as an incorporated body. The statutory responsibilities of the governing body of a maintained school are detailed in [section 21 of the Education Act 2002](#)

(<http://www.legislation.gov.uk/ukpga/2002/32/section/21>). Their key financial roles are to:

- manage the school budget
- decide on how to spend the delegated school budget, depending on any conditions for maintained schools set out in the local authority scheme for financing schools

- be consulted by their local authority on funding
- ensure accurate school accounts are kept
- determine the number and type of staff and a pay policy in accordance with the [school teachers' pay and conditions](https://www.gov.uk/government/publications/school-teachers-pay-and-conditions) (<https://www.gov.uk/government/publications/school-teachers-pay-and-conditions>)
- act as a 'critical friend' to the headteacher by providing advice, challenge and support

Good practice

The school should identify whether the governing body has the right skills

Schools should analyse their governing body's skills on a regular basis, or if there are significant changes to the membership or to individual governors' roles and responsibilities, to identify any skills gaps. A good way for a school to assess their governing body's current skills is to summarise the main financial management skills that the governing body should have. The example skills matrix from the Education and Skills Funding Agency (ESFA), available under [additional resources](https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs) (<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>), helps governors to identify the skills they have and those that collectively they need to acquire.

Once the governing body have assessed their skills, they can put in place actions to help ensure that collectively they have adequate financial skills.

The governing body should not only have but should be seen to have adequate financial skills

Governors have a collective responsibility for important financial decisions in the school and are answerable to parents and the wider community. Therefore, they should be seen to have adequate financial skills, and might wish to explain how they meet this requirement on their website and in reports to parents.

A well-run school must be willing and able to show how it has used its resources and be able to respond honestly to questions about its financial probity. Openness, transparency and integrity are key principles of good governance and financial management.

What to do if things are not right in your school

If your school's governing body does not have adequate financial skills

If your governing body does not have adequate financial skills, you should identify which specific skills are lacking. You should think about:

- what the governing body's collective training needs are
- whether individual governors have the right skills for their particular role

- who the best person is to fill each skills gap
- the best way for a governor to acquire a specific skill
- how additional skills can be acquired through recruitment

This can then be developed into an action plan to address the current skills gaps.

2. Does the governing body have a finance committee, or equivalent, with clear terms of reference and a knowledgeable and experienced chair?

What this question means

The role of the governing body's finance committee or equivalent

Governing bodies are responsible for setting their school's annual budget. Most schools have a finance committee, the governing body delegates some financial responsibilities to them and they report to the full governing body. However, the finance committee is non-statutory and so governors can determine their individual requirements and delegate their financial responsibilities, so far as they wish, to one or more committees.

Clear terms of reference for a finance committee

In schools where a finance committee has been set up, the governing body should define in writing the terms of reference for the committee and the extent of its delegated authority. These should be reviewed annually or if there are any changes to the committee members. The committee's terms of reference set out the parameters of its operations and the limits on the powers which have been delegated.

Knowledge and experience that the chair needs

It is important that the chair has a good understanding of financial matters and experience in chairing committees or meetings. They need to be able to:

- lead the development of strategic plans
- identify viable options and select or recommend those most likely to achieve the school's goals and objectives
- have a clear understanding of best financial management practice and the school's performance compared to it
- understand the statutory financial requirements for the school, and the local authority's requirements for maintained schools
- understand the importance of communicating the school's performance to stakeholders
- have a commitment to the school and the work of the governing body

- present information and views clearly and influentially to others

Why it is important for the committee to have clear terms of reference and a chair who is knowledgeable and experienced

It is essential for the governing body to have access to adequate financial competencies to ensure they meet their statutory responsibilities for the financial management of the school and can safeguard the large amounts of public money for which they are responsible.

Good practice

The governing body should set clear terms of reference for its committee dealing with school finance

Terms of reference for the finance committee would normally include:

- recommendation of the annual budget to the governing body including the delegation of the budget responsibilities to budget managers
- regular monitoring of actual income and expenditure against each budget and revised forecast for the year
- awarding of contracts by tender up to a specified limit
- reviewing reports by internal audit and the finance governor or responsible officer (if applicable) as to the effectiveness of the financial procedures and controls
- delegation limits above which the approval of the governors is needed before goods or services can be purchased or money can be moved between budget headings – the level of these limits will vary according to the school's size

Tasks the finance committee should perform

A finance committee has, at the very least, the following tasks to perform:

- preparation of draft budget
- appraising different expenditure options
- assessing expenditure bids
- forecasting rolls and expected income levels
- monitoring and adjusting in-year expenditure
- ensuring accounts are properly finalised at year end (reviewing outturn)
- evaluating the effectiveness of financial decisions
- ensuring there are effective and appropriate systems of internal financial control
- the administration of voluntary funds

How often the finance committee should meet and report to the full governing body

The finance committee should provide the governing body with an ongoing involvement in financial issues. It should meet frequently enough to discharge its responsibilities. In most schools it should meet at least twice a term, but requirements may vary due to financial matters requiring the committee's attention, such as capital projects. The finance committee minutes should be reported to the governing body and all decisions made must be reported to the next meeting of the main governing body, usually with sufficiently detailed minutes.

The finance committee should have an effective membership with adequate financial competencies

Membership will be determined by the governing body, but should include the headteacher and people with financial expertise. If the governing body does not have governors with appropriate financial expertise, it may appoint associate members to the finance committee. Associate members are people with relevant skills and expertise and are a way that schools with limited financial expertise on the governing body can invite suitably qualified individuals to serve on their committees. Associate members do not have voting rights on the budget and financial commitments of the governing body.

What to do if things are not right in your school

If your governing body does not have a finance committee (or equivalent) with clear terms of reference

The governing body should ensure that an appropriate committee (or equivalent) is established as soon as possible and provide them with written terms of reference (see above). The governing body should review the membership and terms of reference for its committees annually.

How to make sure your finance committee has a knowledgeable and experienced chair

Governing bodies should carry out skills audits to identify the skills that are present on the governing body and those that are missing so that this can be addressed by targeting governor recruitment activity. A skills audit would help identify those who have the necessary skills to undertake the role of chair of the finance committee.

3. Does the governing body receive clear and concise monitoring reports of the school's budget position at least 6 times a year?

What this question means

What a clear and concise monitoring report is

A clear and concise monitoring report will enable the governing body to review income and expenditure against the agreed budget. It will identify variances, provide meaningful explanations for these and explain what will be done to re-balance the budget. It should be in an easy to understand format that can be automatically generated from base financial records.

Why it is important

This enables the governing body to meet their statutory responsibilities for the financial management of the school, and so they can safeguard the large amounts of public money for which they are responsible. It is important that the monitoring reports are produced regularly and shared with the governing body or finance committee at times when action can be taken on them to good effect. DfE and ESFA recommend that governors should receive the monitoring reports and have an opportunity to raise questions or concerns at least 6 times a year.

Good practice

The monitoring reports for the governing body should be part of the school's wider financial monitoring

Prompt, accurate and up-to-date financial information should be readily available at the appropriate levels within schools. To achieve this, schools will require clearly defined and properly used channels of reporting to the governing body on a regular basis, which should include the finance committee if the school has one. The governing body should review the income and expenditure against the budget at a meeting at least 3 times a year.

The monitoring report should have an appropriate level of information to be easily understood by the governing body

A school that is well managed financially will report different levels of detail, with a suitable narrative explanation to different users. Monitoring reports for the governing body should include numeric information, including about the profiled budget, spend to date and end of year projections. They should also include a brief narrative covering report that highlights what the main variations are, briefly explains the reasons for the variations and suggests what would be appropriate corrective action.

The governing body should review income and expenditure against the budget

For the process to be effective, it is crucial for governors to review the budget-monitoring reports, considering the variances and forecast over and under spends. They should discuss the report and question the headteacher on any areas of concern, such as variances or where they are unsure whether value for money is being achieved. They should ensure that the necessary action is taken so that the actual net expenditure is affordable, given the school's budget and spend to date.

Staff should have access to the monitoring reports and should know about the school's budget and financial affairs

The school should make sure that all staff are informed of the school's annual budget, how funding is allocated and profiled, and how the school's finances are monitored during the year. They should understand how their allocated funding and their actions affect the school's overall financial position. Once the budget has been set, it should be reviewed with relevant staff members at key points throughout the year to ensure that spending is going to plan and that budget holders understand their responsibility to keep spending on track.

Staff are likely to take better care of resources if they understand how these fit into the school's overall budget. It is important for staff to be aware of the impact that the budget can have on teaching resources and understand that saving money in areas such as procurement will mean that more of the budget can be invested in the school's teaching and learning priorities.

What to do if things are not right in your school

If your governing body does not receive adequate monitoring reports

The governing body should identify the specific problem. For example, this could be:

- the quality or accuracy of the information
- the amount of detail provided
- insufficient explanations of variances or plans to address them
- how up to date the information is

It could be that the information presented is too detailed or lacks a covering narrative explanation, so that the governing body cannot easily identify the significant variances and other areas of concern.

If the school lacks appropriate software or processes to easily produce adequate monitoring reports, this needs to be addressed.

4. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?

What this question means

What the proper registering of business interests involves

All governors and staff should complete the school's register of business interests. This register should be kept up to date and be freely available for inspection by governors, staff and parents. For maintained schools, the guidance for local

authority schemes for financing schools states that local authority schemes should require schools' governing bodies to have a register of business interests.

Interests which should be declared to avoid conflicts of interest

All business interests should be declared that could result in a conflict of interest:

- financial – interests in a contract or proposed contract by direct or family connection
- appointment – interests in the provision for sponsor governors or interests in someone's appointment, reappointment or suspension from office as a governor or clerk to the governing body
- pay and performance – interests in the pay or appraisal of someone working at the school in cases where the governor or staff member is also paid to work at the school

Why it is important for the governing body members and staff to make declarations of business interests

Governors and staff have a responsibility to avoid any conflict between their business and personal interests and the interests of the school. This is essential for effective and accountable financial management of the school.

Good practice

The governing body and staff should make regular declarations of business interests

'Declarations of interest' should be a standing item at the beginning of the agenda for every governing body meeting to help identify potential conflicts of interest and if any updating or further action is needed.

Governing bodies should take declarations into account to avoid conflicts of interest

The governing body should use their up to date register of business interests in every meeting to identify any conflicts of interest. Individuals are responsible for declaring immediately if they have a conflict of interest with any matter being discussed. If there is a conflict of interest, the relevant person is required to withdraw from a meeting and not vote on the issue in question.

What to do if things are not right in your school

If business interests are not properly registered and taken into account

The school should immediately establish a register of business interests and ensure all interests are declared. If 'declarations of interest' is not an agenda item

at governing body meetings, this should be drawn to the attention of the clerk to the governing body. The register should be discussed at the beginning of each meeting so that it helps to identify potential conflicts of interest and the need for anyone to withdraw or not vote.

If you believe a business interest is not being declared

Should a governor or member of staff believe that another governor or member of staff has a conflict of interest in an issue under discussion that has not been declared, they should draw this to the attention of the governing body. It will be for the governing body to determine whether the individual with the alleged conflict of interest should withdraw from the meeting and not vote on a particular issue.

5. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, for example, on sick leave?

What this question means

The main areas of expertise to which a school needs access include:

- development of strategic financial plans
- understanding of and ability to operate good financial management practices
- understanding of national and local financial requirements for the school, and the school's own framework of financial control
- understanding and operation of budget setting and monitoring
- operation, control and monitoring of the financial systems

Why financial skills are important

All schools have significant budgets and can exercise flexibility in the way they use them. Schools need access to staff with a high level of financial management competencies because of the complexity of financial management issues in schools. Most schools will employ these staff themselves, but some smaller schools may share staff or buy in services. It is important that skills are updated on a regular basis in line with changing school policies.

Cover needed when specialist finance staff are absent

It is very important that school finance systems can continue to operate in the absence of a key member of staff. Larger schools may well employ enough staff with financial skills to be able to ensure that staff know one another's jobs and the school can manage internal cover. For smaller schools, it may well be necessary to set up other arrangements, such as agreements between neighbouring primary schools, agreements between primary schools and local secondary schools, or insurance arrangements to secure expertise from the local authority.

Good practice

How schools can access staff with adequate expertise

Teachers are not likely to be trained in finance. It is therefore important to employ, or have access to, non-teaching staff with appropriate financial skills. In larger schools, it is good practice to employ a school business manager and make them a member of the senior leadership team. They are then best able to support the headteacher and other senior staff in the field of finance and managing resources. Smaller schools may need to share or buy in such expertise.

The school should identify whether staff with financial responsibility have the necessary skills

Schools should analyse the skills of staff with financial responsibilities to look for any gaps and identify any training and development needs. DfE's example skills matrix provides one way to identify staff skills, and whether staff with relevant skills are well placed to use them. [The example skills matrix is available under additional resources \(https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs\)](https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs).

Schools need to ensure that financial skills and knowledge are, so far as possible, spread around different members of staff. This will help to deal with:

- staff absences
- the situation where a key member of staff decides to leave the school
- ensuring controls and separation of duties as a precaution against mistakes or fraud

What to do if things are not right in your school

If your school does not have access to an adequate level of financial expertise

If your school lacks access to financial expertise, you should identify which specific skills are lacking, and then think about how to secure them. They might be developed through coaching or training of existing staff or filled through recruitment or buy in of services.

If your school does not have adequate cover for staff absence

You should set up appropriate arrangements as soon as possible. This guidance covers some of the forms such arrangements might take.

Further information

- The [National Governance Association \(NGA\) \(http://www.nga.org.uk\)](http://www.nga.org.uk) provides guidance on matters relating to governors and governance, including online

finance training

- [Governors for Schools \(https://governorsforschools.org.uk/\)](https://governorsforschools.org.uk/) provides information on recruiting volunteers to serve on school governing bodies and guidance for schools having difficulty recruiting governors with financial expertise
- DfE and ESFA have guidance on [school resource management \(https://www.gov.uk/government/collections/schools-financial-health-and-efficiency\)](https://www.gov.uk/government/collections/schools-financial-health-and-efficiency) to help schools improve their financial management and efficiency, including specific guidance for governors
- Suppliers of financial management software – most suppliers provide courses on how to use their systems. The courses are run directly or through a training company
- [Institute of School Business Leadership \(ISBL\) \(https://isbl.org.uk/Home.aspx\)](https://isbl.org.uk/Home.aspx) provides information and training for all those involved in school business management, enabling staff to update their financial management knowledge and skills
- Peer-to-peer support can be accessed through the [school business professional network directory \(https://www.gov.uk/government/publications/join-or-create-a-network-for-school-business-professionals/school-business-professional-networks-directory\)](https://www.gov.uk/government/publications/join-or-create-a-network-for-school-business-professionals/school-business-professional-networks-directory) or by contacting schools.commercial@education.gov.uk

B. Strategy

6. Does the school have a realistic, sustainable and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?

What this question means

Governors should ask to see 3 to 5 year financial projections and the assumptions made to cost them. Assumptions you may want to review include:

- projected pupil numbers
- free school meal numbers
- likely pupil premium income
- projections of the staffing that will be necessary in these years

Schools should plan their staffing based on multi-year projections of curriculum needs.

These projections should be used by the governing body to develop a sustainable and flexible financial strategy.

Why the financial strategy is important

It is impossible to plan for a school's running and development on the basis of just one year at a time. Schools need to look forward on the basis of the best available information, recognising that they will have to make adjustments as new information comes in. With effect from the financial year 2021 to 2022, maintained schools are required to provide their maintaining authority with a 3-year forecast.

What to include

The strategy should look ahead to the next 3 to 5 years and the school's plans for raising standards and attainment. The school should estimate the budget available to them based on the school projections and the costs associated with raising attainment.

Integrated curriculum and financial planning (ICFP)

ICFP involves measuring your current curriculum, staffing structure and finances and data. Insights from this should be used to help to inform a school's 3-to-5-year plan.

DfE has produced [guidance and resources \(https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp\)](https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp) to help you with ICFP.

The principal assumptions are around:

- future numbers of pupils and their characteristics
- class and group sizes
- staffing profiles and increments
- pay and price increases
- changes in revenue and capital income
- procurement and maintenance, for example, fabric and fittings, information and communications technology (ICT) equipment and whiteboards

Questions governors might want to ask include:

- how confident are you that pupil number projections are realistic? If there is uncertainty then boards should be given 3 scenarios (cautious, likely, and optimistic). This applies to all key assumptions, but especially pupil number projections and funding rate assumptions
- if the optimistic scenario indicates financial difficulties, is the school developing a recovery plan now?
- if the cautious budget indicates potential financial difficulties, what contingency plans does the school have to overcome them?
- are there any issues in the medium term that should be addressed now?
- how will current decisions impact medium-term budgets?
- what do we need to put in place now to ensure we have the necessary funding in the future?

Good practice

All schools should carry out a forward projection of budget in which to base a strategic financial plan

It is possible to carry out budget projections using a simple spreadsheet but it is preferable to use more specialised budget planning software. Many local authorities and private providers offer such software, which is normally separate from a finance accounting system. Schools should integrate making forward budget projections with agreeing their wider school development plans. This will help to ensure that planned resource allocations match the school's priorities. It is important to make sure that projections of income, including income raised by the school itself, are realistic and achievable.

Schools should make a projection in the absence of confirmed funding

For most schools there will be some uncertainties about future funding, future pupil numbers and about the costs of staffing (since teachers may leave and new teachers arrive). It is therefore important to model a range of scenarios about income and costs, and look at how the school's budget could be balanced or brought back into balance in the different scenarios. In addition, pupil number changes will always have the most significant impact on future funding levels, regardless of any potential changes to the system, and so it should be possible to model a range of scenarios in the absence of confirmed funding.

The school should also take account of all available public information, for example, the allocations for the [dedicated schools grant \(DSG\)](https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2022-to-2023) (<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2022-to-2023>) and [pupil premium](https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2022-to-2023) (<https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2022-to-2023>).

DfE has introduced a [national funding formula](https://www.gov.uk/government/publications/guide-to-national-funding-formula) (<https://www.gov.uk/government/publications/guide-to-national-funding-formula>) to calculate funding allocations to local authorities and schools. Local authorities remain responsible for determining the funding allocations for individual maintained schools after consultation with local schools and the Schools Forum.

What to do if things are not right in your school

If your school is not making a forward projection of budget

The school should acquire appropriate software and set up a budget planning system. The local authority may be able to provide guidance to maintained schools on using an existing system or approach.

Schools should contact their local authority for further information and support.

7. Is the financial strategy integrated with the school's strategy for raising standards and attainment, through integrated curriculum and financial planning?

What this question means

Integrated curriculum and financial planning (ICFP)

[ICFP \(https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp\)](https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp) is a management process that helps schools plan the best curriculum for their pupils with the funding they have available. It can be used at any phase or type of school.

The idea of linking curriculum and financial planning is not new. Most schools probably use some ICFP processes already when reviewing their curriculum or financial strategy.

There is no one way to do ICFP, but it should include analysing your:

- teacher deployment
- use of support staff
- non-staffing costs
- balance of income and costs

The more variables you measure, the more accurately you'll be able to predict the resources you can afford in the future.

You'll need to make some assumptions about how things might change over the next few years. Starting before you begin planning for the next academic year will give you time to recruit any new teachers you need.

ICFP is most effective when it is a normal part of your planning activity and involves your senior team, including your school business professional staff and governors.

Integrating the education or curriculum the school wants to provide with affordability

The school's budget must support the governing body's priorities for raising standards and attainment. This can be done by looking at core metrics – such as average class size, teacher contact ratio, pupil to teacher ratio, percentage of spend on teachers and teaching assistants, average teachers costs – and benchmarking these across other schools. This way the school can be confident that it is making the best use of its teaching and support staff, and focusing its time on activities that directly improve pupils' outcomes.

Why it is important that there is a clear and demonstrable link between the school's budget and the plan for raising standards and attainment

The school's main function is to ensure its pupils achieve their full potential and are prepared for adult life – this means continually raising standards and improving attainment. The budget should support this and to do this effectively requires strategic spending decisions and getting value for money. Integrating planning for the programme of learning – what the school wants to teach and the teaching resources needed to deliver this – alongside the financial planning is an effective way of achieving this. This sort of process enables the school to weigh up whether it has enough funds to pay for the proposed learning plan or curriculum or needs to make changes.

Good practice

How to link the school's plan to raise standards and attainment to its financial plans and budget

To ensure that the learning plan or curriculum is viable and that its implementation is feasible, it should be supported by a financial plan that costs each element of it. When undertaking this process it is important that:

- senior educational leads and school business professionals are involved in the discussions
- decisions are made with reference to some core metrics to ensure staff are deployed as effectively as possible – some key metrics are average class size, teacher contact ratio, pupil to teacher ratio, percentage of spend on teaching staff and teaching assistants, the average teacher cost and the size of the leadership team
- the metrics for the school are benchmarked across similar schools
- the position is monitored regularly throughout the year

How to improve value for money by aligning planning of the curriculum and the budget

Schools that are committed to continuously improving their management of resources ensure that financial decisions are always made in the context of their plans to improve education outcomes through the curriculum, and equally that their education objectives are costed and regularly reviewed alongside the budget. They find that deciding about deployment of resources – particularly teaching staff – is often easier if the starting point is 'what will help us achieve our priorities and improve the learning experience of our pupils?' and they focus decisions around some core metrics. This enables the best targeting of funding.

What to do if things are not right in your school

If there is not a clear and demonstrable link between the planning of the school's budget and its learning plan or curriculum

Schools that do not currently practise integrated curriculum and financial planning should introduce it. There is further information in the links that follow to support schools to implement this.

8. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?

What this question means

A business continuity or disaster recovery plan

A business continuity or disaster recovery plan sets out how the school would cope if some disaster happened – for example, the premises burning down or flooding, a large scale theft of equipment or a total failure of the school's IT system.

Why it is important

A disaster in the school may seem very unlikely to happen. It is indeed unlikely to happen, but if it did happen the consequences would be very grave. It is therefore important that all schools have an adequate and up-to-date disaster recovery plan.

Areas a plan needs to cover

As a minimum, a plan needs to look at contingency arrangements for:

- if the school's premises were not available for an extended period, for example, because of fire or flood
- large scale loss of property, for example, through fire or theft
- loss of information through catastrophic failure of IT systems
- mass unavailability of staff, for example, through a pandemic

Good practice

All schools should ensure they have an appropriate plan

The plan will need to cover:

- premises that could be used if the school's own premises became unavailable for an extended period
- an asset register of items in the school that need to be recorded for insurance purposes, to be kept where it would not be vulnerable to a disaster in the school
- adequate insurance for premises and contents, or membership of DfE's [risk protection arrangement \(https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools\)](https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools)

- daily backing up off-site of the school's important IT systems
- contingencies for significant simultaneous absence of staff

Individual schools may be aware of additional local hazards that they ought to cover.

The plan must be kept up-to-date. Any element of it that has become out of date is likely to be of no use in an emergency.

Schools should liaise with their local authority about what should be recorded in the plan. For example, the local authority may:

- have generalised arrangements for emergency premises
- have particular requirements for the asset register
- provide insurance for its schools
- provide some of the IT systems and have its own back-up arrangements

All schools should ensure they have adequate insurance

Schools should ensure they have met legal requirements for insurance as some insurances are legally compulsory. The local authority scheme for financing schools should provide more information. Adequate insurance should compensate for large losses that otherwise could not be sustained, such as a major fire in a school.

An alternative to commercial insurance is membership of DfE's [risk protection arrangement \(https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools\)](https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools).

What to do if things are not right in your school

If you do not have a disaster recovery plan

Schools should begin by speaking to their local authority to find out what they offer and what the plan should contain. All schools without a plan need to draw one up as soon as possible.

If your plan is out of date

An out of date plan will need to be updated urgently. Schools should do this in liaison with their local authority.

Further information

- DfE and ESFA provide online information, tools and training in the [school resource management \(https://www.gov.uk/government/collections/schools-financial-health-and-efficiency\)](https://www.gov.uk/government/collections/schools-financial-health-and-efficiency) guidance to help schools improve their financial management and efficiency, including on strategic financial management

- DfE funded [short training courses on ICFP](https://www.schoolresourcemanagement.co.uk/resources) (<https://www.schoolresourcemanagement.co.uk/resources>), including an introduction to the principles of ICFP, common metrics used, and tools available on gov.uk
- DfE publishes [school workforce planning](https://www.gov.uk/government/publications/school-workforce-planning) (<https://www.gov.uk/government/publications/school-workforce-planning>) guidance and curriculum planning tools to support schools in the planning process
- There is a lot of material on the internet explaining what business continuity or disaster recovery plans are – some of this is free of charge and can be used to think about what a plan should contain in a school's particular circumstances

C. Setting the annual budget

9. Does the school set a well-informed and balanced 3-year budget and has this been submitted to the local authority?

What this question means

A well-informed and balanced budget

A balanced budget is one that will lead neither to an excessive surplus at the end of the year nor to a deficit. A budget is well-informed when it takes account of the best available information on all variables, such as pupil numbers and staffing changes.

Setting an annual budget is an absolute requirement as part of the local authority's own budgeting arrangement as set out in [schemes for financing schools](https://www.gov.uk/government/publications/schemes-for-financing-schools) (<https://www.gov.uk/government/publications/schemes-for-financing-schools>).

Good financial management in schools is about keeping track of where the money is coming from and where it has gone and how best to make use of the remaining budget. Effective budget-monitoring reports provide vital information about spending patterns that help management make realistic forecasts of year-end, under or overspends.

Timing of the budget

From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June. This is set out in section 4.3 of the [schemes for financing local authority maintained schools guidance](https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools) (<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>)

Elimination of a deficit

A minority of schools will have an existing deficit. Maintained schools must have a plan to eliminate the deficit that is agreed by the governing body and with the local

authority. The plan will set out the timing for eliminating the deficit and the actions required in order to eliminate it.

Good practice

How to set a well-informed and balanced budget

Schools will need to assess the main influences on the budget on the basis of the best available information, for example:

- known staffing changes
- pay awards and increments
- income assumptions
- changes in pupil numbers
- buy-back services from the local authority or external providers

Most schools should be aiming for a small surplus at the end of the year. A small number may be aiming to arrive at a much larger surplus for a particular project: maintained schools should provide details of this to the local authority. Others will be aiming at full or partial elimination of an existing deficit.

Schools should integrate budget setting with their wider plans for school development to ensure that resource allocations match their school's priorities. A good budget will allocate resources to these areas of need or development and therefore will help the school to achieve its aims.

Schools should involve a range of staff in budget planning

There is evidence that staff take better care of resources when they are involved in the planning. It is good practice to involve teachers and other staff in planning the budget for their areas, consulting them on future needs and on ways of making efficiency gains.

What to do if things are not right in your school

If your budget setting is not well-informed

Schools will know that their budget process is not well informed if they have a record of expenditure being well out of line with budget. In these circumstances, appropriate action would be to review the projections within the budget that proved to be inaccurate, and think of ways in which more accurate projections could be made or more accurate information obtained. The local authority should be able to provide guidance and support.

If, as a maintained school, you have a deficit not agreed with the local authority

A few schools may have an existing deficit but not a deficit reduction or elimination plan agreed with the local authority. Such schools should contact their local authority as a matter of urgency to agree an appropriate plan. The local authority's scheme for financing schools will contain provisions for the approval of licensed deficits that all schools would need to refer to.

10. Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?

What this question means

Sufficient time

The governing body should be involved early in the process of developing the budget for the following financial year, and consistently from then on. In practice, a discussion on budget setting, well informed by a paper or papers from staff, will need to be held in the autumn term of the previous financial year.

Good practice

A school should be looking 3 to 5 years ahead in its budget planning, and the governing body should be signing off those provisional plans. This longer term planning will give the school a foundation from which to develop more detailed plans for each financial year as it approaches.

What to do if things are not right in your school

If budget planning for each year does not begin early enough for the governing body to be fully involved in the development of the budget plan, the governing body needs to rethink the planning process and start it earlier in future years.

11. Is the school realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?

What this question means

Realistic pupil number projections

Pupil numbers have by far the biggest influence on the grant income received by the school. It is therefore essential that they are forecast accurately and on the most realistic basis. Pupil numbers should be projected on the basis of all relevant

data, including what is happening to child numbers in the local area, and what is known of the relative attractiveness to parents of different schools.

Moving quickly to recast a school's budget

In setting its budget the school should be aware that pupil numbers may not turn out exactly as projected. It should make a realistic assessment of what the uncertainty is, and make contingency plans for what it will do in-year if the pupil numbers in the autumn term are different from its projections.

Good practice

A school should be able to improve its projections of pupil numbers from experience, and narrow the range of uncertainty over time.

What to do if things are not right in your school

If the school has a history of not projecting pupil numbers accurately, it should put effort into improving its data sources and forecasting techniques.

12. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?

What this question means

End year outturn

End year outturn is what the school actually spends during the year, as opposed to the amount that it budgeted to spend during the year.

Why outturn should be close to budget projections

This would demonstrate that the budget has been well planned, so that the costs likely to arise have been taken into account. If this happens, the school will not risk falling into an unplanned deficit, or ending up with an excessive surplus for which it has no plans.

Why outturn might be different from budget, even if the planning was good

The school might need to plan changes during the year, for example, if more pupils arrived in September than it had expected.

Alternatively, there might be genuinely unforeseeable circumstances such as the long-term illness of one or more members of staff.

Good practice

Make sure the governing body is alerted in a timely manner

School staff should monitor the budget on a monthly basis so that they can alert the governing body as soon as they become aware that the end year outturn may be significantly different from the budget projections. If it appears that there may be significant variances, these should be reported immediately to the governing body. The school should not wait for the next meeting to report.

Provide the governing body with good information on significant variations

Information given to the governing body should include the expected size of the variation, a narrative covering the reasons for it and options for any action that could or should be taken to put the budget back on track.

What to do if things are not right in your school

If outturn is different from budget projections without a good explanation

You should take action to review the process of setting the budget, to ensure that it is taking all relevant factors into account. You should ensure that:

- expenditure is monitored against budget throughout the year
- significant variations from budget are investigated and explanations written up
- the governing body receives regular reports of this process
- the governing body has sufficient information to understand the reasons for the variances and make decisions on any proposed actions

13. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?

What this question means

School balances

Schools may carry over part of their revenue income from one financial year to the next – the amount saved, including from previous years, is their surplus balance. Maintained schools should submit information on how much they have set aside as part of their [consistent financial reporting \(CFR\)](https://www.gov.uk/guidance/consistent-financial-reporting-cfr) (<https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr>) returns.

A 'reasonable level'

At present local authorities are able to claw back surplus balances for maintained schools where they exceed 'excessive surplus' thresholds, and are uncommitted, that is to say, not set aside for a specific reason as detailed in the local authority's scheme for financing schools. However, the government removed the requirement for local authorities to have a clawback mechanism, so some may choose not to. This means that some schools should be able to save as much as they are able to, without the risk of clawback. Where a local authority chooses to operate a clawback mechanism it needs to set out the thresholds it will operate to in its local scheme for financing schools. The original thresholds, which are commonly still being used, were 5% of income for secondary schools, or 8% of income for primary, nursery, and special schools.

Why it is important to keep balances at a reasonable level and have clear plans for using the money

All schools should aim to spend their funds prudently with proper regard for value for money. Schools should regularly check that they have plans for the money they are holding to ensure they are getting the most benefit and best value for money from their budgets.

Where local authorities operate a clawback mechanism, schools maintained by them should ensure that they comply with the rules on balances detailed in their scheme for financing schools. These authorities are likely to monitor and challenge balances, and schools should ensure they have sufficiently robust plans to spend their balances to avoid clawback.

Good practice

Schools should plan the balances which they are aiming for

Schools should be aware of what their end year balance is likely to be, so that they can spend money appropriately, giving due regard to value for money.

Schools should have a clear plan for using the money held in balances

Schools should have plans for the money they save, and should discuss plans for balances in governing body meetings, to ensure they get the best possible value from their budgets. Schools maintained by local authorities that continue to operate a clawback mechanism should ensure they adhere to their rules on balances. They should keep accurate records of plans to spend their balances in accordance with these rules as long as their authority continues to operate a clawback mechanism.

What to do if things are not right in your school

If your school does not have plans for the money held in balances

The school should discuss the issue at the next governing body meeting, and start to develop plans to use the money saved for the benefit of their pupils. If the maintaining authority operates a clawback mechanism, they should ensure any plans comply with the authority's requirements, as set out in their scheme for financing schools.

Further information

- Maintained schools should contact their local authority for further information and support
- [Dedicated schools grant \(DSG\)](https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022) (<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022>) includes guidance on the methodology used for calculating the allowances, individual authority allocations, how the DSG fits with the overall school funding settlement and pupil premium allocations
- [Schemes for Financing Schools](https://www.gov.uk/government/publications/schemes-for-financing-schools) (<https://www.gov.uk/government/publications/schemes-for-financing-schools>) – information on the supporting legal framework for school revenue funding and local authority schemes for financing schools
- DfE and ESFA provide online information, tools and training in the [school resource management](https://www.gov.uk/government/collections/schools-financial-health-and-efficiency) (<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>) guidance to help schools improve their financial management and efficiency, including on workforce planning

D. Staffing

14. Does the school review its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?

What this question means

Staffing structure

The structure is how the staff of the school are organised and deployed. The structure is also about where and how staff are deployed - for example, when they teach, what they teach, and how leadership and supervision are arranged.

How often this should be reviewed and why it is important

Structures should be reviewed annually along with the curriculum and plans for improvement, and as part of workforce planning.

Staffing costs make up 70 to 80% of an average school's expenditure. Regular reviews enable the school to invest in the right mix of staff, and in high quality

professional development, to maximise pupil outcomes and value for money. They also ensure the structure matches as closely as possible the current and future needs of the school, which will change over time.

Good practice

What the school can do

DfE has published guidance on [school workforce planning](https://www.gov.uk/government/publications/school-workforce-planning) (<https://www.gov.uk/government/publications/school-workforce-planning>). This provides information about what should be considered as part of regular staffing reviews, and information about case studies and best practice. Schools are advised to plan over the medium to long term, meaning 3 to 5 years.

The staffing structure should be described in an open document, or documents, for all staff to see. It should be clear and accurate, and identify roles and responsibilities attached to posts. It is also good practice to display staff details and roles via a school's website and notice boards, to give pupils and parents a clear picture of who is working at the school.

When the structure should be reviewed

A review of the staffing structure should be part of the school's workforce planning and linked to annual school improvement, curriculum and financial planning. An example 12-month staffing review cycle is included in the [school workforce planning](https://www.gov.uk/government/publications/school-workforce-planning) (<https://www.gov.uk/government/publications/school-workforce-planning>) guidance.

What to do if things are not right in your school

If your staffing structure has not been reviewed recently

Use the further information that follows and begin a review as soon as practicable, in line with curriculum and school development planning.

15. Has the use of professional independent advice informed part of the pay decision process in relation to the head teacher and is it tightly correlated to strong educational outcomes and sound financial management?

What this question means

Professional independent advice

This is impartial advice from a provider not attached to your school. Examples of professional independent advice providers could be:

- external HR providers
- other governing bodies
- local authority HR providers
- other external advisers, for example, school improvement partners, employment lawyers, job evaluation companies

When it is necessary or appropriate to use professional independent advice

Schools may find it helpful to seek independent advice at any time they feel unsure about their pay decision processes.

Local authority maintained schools must seek independent external advice:

- for the purposes of providing advice and support to the appraisal of the headteacher
- if, during the salary-setting process, the governing body deems it appropriate to set a salary in excess of 25% above the maximum of the relevant pay range as detailed in the [school teachers' pay and conditions guidance](https://www.gov.uk/government/publications/reviewing-and-revising-school-teachers-pay) (<https://www.gov.uk/government/publications/reviewing-and-revising-school-teachers-pay>)

Sound financial management

The [National Standards of Excellence for Headteachers](https://www.gov.uk/government/publications/national-standards-of-excellence-for-headteachers) (<https://www.gov.uk/government/publications/national-standards-of-excellence-for-headteachers>) set the expectation that headteachers prioritise and allocate financial resources appropriately, ensuring efficiency, effectiveness and probity in the use of public funds.

Why it is important to use professional independent advice

When a school thinks it appropriate to determine a headteacher salary which is in excess of those normally set for the size and type of school, it is important that their decision to do so is well-informed. Independent advice can support schools in making the case for such decisions, as well as ensuring that they take all relevant issues into consideration.

Good practice

All local authority maintained schools must seek professional independent advice when determining headteacher salaries which exceed 25% of the stated maximum of the group size for the school.

Final decisions are at the discretion of schools, however, due regard should be given to all relevant advice.

What to do if things are not right in your school

If you think there is a need for professional independent advice, please contact your local authority or an external, independent advisor.

16. Has the school published on its website the number of employees (if any) whose gross salary exceeded £100,000?

What this question means

While schools do submit salary information to local authorities, schools are now required to publish salary information on their website if staff have a salary of above £100,000 in order to improve financial transparency. 'Gross salary' for this purpose includes everything that would appear on an employee's salary statement, but not employer on-costs such as the employer's pension contributions.

17. Does the school benchmark the size of its senior leadership team annually against that of similar schools?

What this question means

Benchmarking

Schools should compare the size of their senior leadership team with those of similar schools. This will inform decisions about their staffing profile, including the size of the leadership team.

Why it is important to benchmark the size of a senior leadership team (SLT)

The SLT can play an important role in both the strategic and day-to-day running of a school. However, the effectiveness of a SLT is not necessarily proportionate to its size. Having a high proportion of the workforce in the leadership group may suggest that not enough of the workforce is focused on teaching.

There is no single staff structure that will suit all schools. Contextual factors, including funding, pupil demographics, and school improvement priorities, play an important part.

Understanding how the size of an SLT compares with similar schools can help you to identify if your staffing structure is top-heavy and whether there is potential to direct more resource from the SLT in to the classroom.

Good practice

All schools should ensure they are benchmarking effectively

Benchmarking your staffing structures, including the size of your SLT, can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes.

Benchmarking should be used to improve the quality and impact of school services and should not be used solely to focus on reducing costs. Benchmarking can be used as a tool for improving or bringing about change and raising standards.

You should select a cohort of schools based on the characteristics of the school you are benchmarking. You should select 'like for like' to get a better understanding of your workforce structures and that of other schools in your benchmark set.

Interpreting the chart data

The [Schools Financial Benchmarking tool \(https://schools-financial-benchmarking.service.gov.uk/\)](https://schools-financial-benchmarking.service.gov.uk/) includes a workforce tab which allows schools to see their workforce data. This information can be displayed in various ways, including as a total, a proportion or in comparison with their number of pupils. The comparison benchmarking charts can also be displayed in this way.

Care should be taken when interpreting comparative charts. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for being out of line in a particular category.

What to do if things are not right in your school

If your proportion of senior leaders appears to be out of line with similar schools

First, you should consider whether the school has particular circumstances that create valid reasons for your staffing structure. You should also consider contacting the similar schools that are identified through the benchmarking process, to determine if anything can be learned from each other about how a different size leadership team can achieve greater pupil progress.

Further information

- The [school resource management \(https://www.gov.uk/government/collections/schools-financial-health-and-efficiency\)](https://www.gov.uk/government/collections/schools-financial-health-and-efficiency) collection contains a range of resources to help schools improve their financial management and efficiency, including [school workforce planning \(https://www.gov.uk/government/publications/school-workforce-planning\)](https://www.gov.uk/government/publications/school-workforce-planning) guidance and signposting to relevant [training and support opportunities \(https://www.gov.uk/guidance/schools-financial-efficiency-sharing-best-practice\)](https://www.gov.uk/guidance/schools-financial-efficiency-sharing-best-practice)

- Information on staff employment and school teachers' pay and conditions is available on the [school and college careers and employment](https://www.gov.uk/topic/schools-colleges-childrens-services/school-careers-employment) (<https://www.gov.uk/topic/schools-colleges-childrens-services/school-careers-employment>) page
- The [National Standards of Excellence for Headteachers \(2020\)](https://www.gov.uk/government/publications/national-standards-of-excellence-for-headteachers) (<https://www.gov.uk/government/publications/national-standards-of-excellence-for-headteachers>) provide non-mandatory guidance on the high standards which are applicable to all headteacher roles

E. Value for money

18. Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line?

What this question means

Benchmarking and why it is important

Benchmarking is a process for comparing income, expenditure and staffing with that of similar schools. It helps schools to consider whether and how they can use resources more effectively and to identify where changes can be made. This process should be undertaken annually, but benchmarking can also be carried out at any time when reviewing school contracts for procuring goods and services. Schools should report their findings from benchmarking to the governing body.

We offer 2 key tools to support with this:

- [schools financial benchmarking](https://schools-financial-benchmarking.service.gov.uk/) (<https://schools-financial-benchmarking.service.gov.uk/>), which is public-facing and open for anyone to use
- [view my financial insights \(VMFI\)](https://www.gov.uk/government/publications/academy-trusts-view-my-financial-insights) (<https://www.gov.uk/government/publications/academy-trusts-view-my-financial-insights>), which provides users in schools and local authorities with an automated assessment of their school's data based on similar schools

What information schools should use to benchmark their income and expenditure

All maintained schools submit their income and expenditure data using the consistent financial reporting (CFR) framework, and academies likewise through the academy accounts return (AAR). This standardised set of codes enables schools to compare their income and expenditure with that of similar schools – local authority maintained schools can compare themselves to academies as well as to other local authority maintained schools.

From the benchmarking website, schools can produce simple charts and reports for their boards to show how their schools spend money in comparison to other schools.

Within VMFI, schools are provided with a prioritised list of areas for investigation. VMFI uses 2 different lists of comparators for each school: comparator schools by pupil characteristics and comparator schools by building characteristics. The reason for this is that some costs in schools, for example premises and utilities, are driven more by the nature of the buildings than the pupils within it.

Why schools need to be benchmarked against similar schools

This is so that meaningful comparisons can be made when comparing income and expenditure. If a school is compared to dissimilar schools or a random group then the differences are likely to reflect the schools' different circumstances, such as proportions of deprived pupils, rather than help identify ways to secure better value for money in the school. Both of the DfE benchmarking resources offer options for identifying similar schools.

Good practice

All schools should ensure they are benchmarking effectively

Schools should use benchmarking as a contributing factor to:

- plan and manage their budgets
- identify areas and set targets for improved use of resources
- achieve value for money in expenditure and improve its effectiveness in driving performance

Benchmarking your income, expenditure and workforce can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking is not used solely to focus on reducing costs, but also to improve the quality and impact of school services. Benchmarking can be used as a tool for improving or bringing about change and raising standards.

Selecting the right schools to benchmark against

You should select a cohort of schools based on the characteristics of the school you are benchmarking. You should select 'like for like' to get a better understanding of your school's income and expenditure and that of other schools in your benchmark set. The characteristics of your selected set should allow sound comparisons to be made, enable you to ask questions about different categories of income and spend and encourage constructive discussions with comparator schools to help your school make changes in performance over time. Typical parameters for selection include location, school size (number of pupils) and percentage of pupils eligible for free school meals (FSM). Both of the DfE

benchmarking resources offer you a quick comparison using pre-determined characteristics, or you can make a more detailed selection of characteristics for yourself.

Interpreting the chart data

Care should be taken when interpreting comparative income and expenditure data. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for spending being out of line in a particular category.

What to do if things are not right in your school

If your school does not regularly benchmark

The school should begin to benchmark immediately. Schools need to demonstrate value for money to parents, auditors and regulators by showing that taxpayers' money is being well spent to achieve the best outcomes for their pupils.

If a category of spend appears to be out of line

First, you should consider whether the school has particular circumstances that create valid reasons for this. If there are not, you should consider how it has occurred and how the use of these resources can be improved. You should also consider contacting the similar schools that are identified through the benchmarking process, to determine if there is anything can be learned from them about how they allocate resources to achieve better outcomes for pupils.

19. Has the school leadership team considered the results of the self-assessment dashboard or other DfE benchmarking tools?

What this question means

To achieve good school resource management, it is important for the school leadership team to consider the results of a benchmarking exercise to see if there are any areas where they could use their resources more effectively.

From the Schools Financial Benchmarking website, you can find a self-assessment dashboard which shows how a school's data compares to thresholds on a range of statistics that have been identified by the department as indicators of good resource management.

A simplified version of the dashboard appears on each school's unique page, but a more detailed dashboard can be accessed by following the corresponding hyperlink.

You can also use the benchmarking website to produce simple charts and reports for governors to show how your school spends money in comparison to other schools.

VMFI compares the financial performance of each school against statistically similar comparator schools. Comparator schools are chosen based on:

- pupil characteristics for costs that are influenced more by pupils, for example teacher salaries, or
- building attributes for costs that are influenced more by the school estate - for example, energy usage

VMFI then provides a prioritised list of areas that may require further attention as well as matching your data with relevant guidance and resources.

20. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?

What this question means

Procedures needed for purchasing goods and services

Procurement describes the whole process of identifying the goods or services a school needs to meet its objectives, deciding how to acquire these, choosing the supplier that provides the most economically advantageous (quality, price, technical, functional) bid, receiving goods or managing contracts, and paying for the purchased goods or services. Procurement procedures are needed to ensure that every purchase is managed in the most effective and appropriate way. The higher the amount being spent, the more formal this process needs to be.

Why schools need to understand and deliver effective procurement processes

Schools have a duty to ensure purchases or leases made with public funds are fair, legal and transparent, as well as securing the best possible value for money. They must be able to demonstrate that they are achieving regularity, propriety and value for money.

Good practice

Staff involved in purchasing decisions should have, as a minimum, basic procurement skills and understanding

Anyone in the school who is involved in buying and spending decisions should be aware of – and comply with – the basic procurement procedures including the [National Procurement Policy Statement](https://www.gov.uk/government/publications/procurement-policy-note-0521-national-procurement-policy-statement) (<https://www.gov.uk/government/publications/procurement-policy-note-0521-national-procurement-policy-statement>). Ways to improve the skills and knowledge of staff include:

- accredited qualifications and training, for example, courses run by the Chartered Institute of Procurement and Supply
- advice and coaching from other staff with procurement qualifications or experience
- seeking help and advice from local schools and other education providers
- joining a local [school business professional \(SBP\) network](https://www.gov.uk/government/publications/join-or-create-a-network-for-school-business-professionals) (<https://www.gov.uk/government/publications/join-or-create-a-network-for-school-business-professionals>)

Establish basic procurement procedures and make sure they are used

Basic procurement good practice procedures include:

- a scheme of delegation that sets out the requirements that need to be followed, including different levels of authority, against different thresholds of the value of the procurement. This should show when it is necessary to obtain written quotations and tenders
- clear designated roles to ensure separation of duties between staff responsible for making buying decisions and making payments
- a basic decision tree or procedural manual, setting out what needs to happen at each stage of procurement, for example, identifying why you want to purchase something, whether you have a sufficient budget and whether it's your highest priority
- deciding on the right procurement approach – higher-value items should be managed more formally, to ensure probity and minimise the risk of costly mistakes
- understanding the market, for example, whether you have a good choice of suppliers and the kind of prices or deals you might expect
- choosing the supplier – for low-value purchases, this may mean getting 3 quotes and selecting the best with high-value purchases needing a formal competition and tender exercise
- managing receipt such as checking goods have arrived as described or managing on-going service contracts to maintain the quality of delivery and hold suppliers to account for providing what has been specified
- making payment either as a one-off or as on-going over the life of a contract
- proactively plan for and manage procedures for the end of a contract, such as disposing of any obsolete assets and reflecting on any lessons you and your

suppliers can learn

Procurement good practice includes the consideration of leasing goods and services rather than buying them.

DfE has issued specific guidance on [leasing and subscription services for school equipment](https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools) (<https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools>)

Get value for money from every purchase

Schools should:

- use common sense – taking too much time over low value purchases leaves less time to get the expensive, challenging ones right
- shop around – use competition to encourage established suppliers to offer better value deals and/or encourage new providers to bid for work
- do the research – knowing about the products as well as the suppliers helps you make informed choices
- use [frameworks](https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school) (<https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school>) such as lists of suppliers who have overarching agreements with public bodies. These can reduce the risk of not complying with legal requirements and reduce the procurement procedures required, because suppliers will have already been through some of them
- get expert advice for specialist purchases. Where frameworks cannot be used, schools should use [get help buying for schools](https://www.gov.uk/guidance/get-help-buying-for-schools) (<https://www.gov.uk/guidance/get-help-buying-for-schools>). Alternatively, schools may pay for professional help with complex procurements, such as ICT installation
- think creatively – consider whether there are opportunities to work in partnership with other schools or educational bodies in the area
- review your existing contract and lease arrangements to make sure they are in line with DfE policy and guidance on [buying](https://www.gov.uk/guidance/buying-for-schools) (<https://www.gov.uk/guidance/buying-for-schools>) and [leasing](https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools) (<https://www.gov.uk/guidance/buying-for-schools/leasing-equipment-for-schools>)

What to do if things are not right in your school

If your school does not have a procurement or purchasing protocol

Use the suggestions set out above to improve knowledge and understanding of what procurement is and how it can help the school to deliver its objectives and make best use of the available budget. Then develop and use a protocol ensuring effective procurement controls.

If your school is not complying with procurement regulations or its own established procedures

Make sure all staff involved in procurement, including those who approve any spending decisions, understand the legal consequences of noncompliance. You may need legal advice if your school has signed contracts that you think may be vulnerable because proper procurement procedures were not followed, or if you're 'trapped' in a costly on-going contract. You can access specialist support for this for free through the [get help buying for schools \(https://www.gov.uk/guidance/get-help-buying-for-schools\)](https://www.gov.uk/guidance/get-help-buying-for-schools) service.

21. Is the governing body given the opportunity to challenge the school's plans for replacing contracts for goods and services that are due to expire shortly?

What this question means

To achieve value for money it is often important for the governing body to challenge the requirement, the procurement route and route to market. Procurement tender exercises can sometimes take time. It is therefore important that governors are made aware of a procurement requirement or the end of a current contract in plenty of time to allow this challenge.

Good practice

It is good practice for a school to maintain a contract register, which should include:

- the contract start and end date
- the current value of the contract
- the lead in time for procurement
- information on early termination, for example, any dates or penalties incurred for early termination
- any potential for extension of the contract and
- an indication of exit strategies or re-procurement plans

The register should be shared with the governing body regularly to make them aware of any upcoming milestones in the contract register timetable and provide them an opportunity to challenge procurement plans.

22. Does the school consider collaboration with others, for example, on sharing staff or joint purchasing, where that would improve value for money?

What this question means

Collaboration

Collaboration usually involves either:

- sharing resources – expertise, advice, and knowledge as well as tangible resources such as equipment or staff
- collaborating to buy goods, works or services – this produces bigger and more valuable contracts, which are more attractive to suppliers, and so improves the opportunities to secure better value for money from public funds

How collaboration can improve value for money

Sharing valuable skills and knowledge makes procurement more effective, helping schools and trusts to learn from the experiences of their peers and avoid repeating mistakes made in similar situations.

Sharing costly resources can be particularly effective if several schools can agree a 'rota' to use, for example, specialist science or maintenance equipment, or joint use of a single teacher for a minority subject. Collaborative procurement offers opportunities to leverage a good-value deal from the combined buying power that no individual school would have when buying by itself. Further support for this is available through the [get help buying for schools \(https://www.gov.uk/guidance/get-help-buying-for-schools\)](https://www.gov.uk/guidance/get-help-buying-for-schools) service.

Good practice

Be open and willing to discuss options with schools and trusts in your area

Effective collaboration depends on taking the initiative to establish good open working relationships with other schools, to discuss your key objectives and priorities, including on procurement, and to be honest about areas of vulnerability, such as a lack of experience in specialist procurement markets. Some schools and trusts are understandably reluctant to admit to poor procurement decisions in the past, but these can be valuable lessons to other schools in avoiding pitfalls.

Be innovative

Some forms of collaboration are familiar, such as schools joining together to procure common goods and secure discounts. Look out for less typical options for collaborative buying. For example, could you negotiate a shared contract for buildings maintenance? This would have advantages for potential service providers in ensuring a constant stream of regular work across several schools and trusts, rather than less predictable intermittent work required for just one school. A collaborative contract of this kind is attractive to suppliers which can make them keener to offer competitive terms to secure the business.

What to do if things are not right in your school

[Find a framework \(https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school\)](https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school) provides information on a wide range of non-staff DfE-approved frameworks

that have been reviewed by the schools commercial team (SCT) within DfE. These are assessed for compliance with procurement regulations, ease of use, suitability and value for money. Schools can request advice and guidance through the [get help buying for schools \(https://www.gov.uk/guidance/get-help-buying-for-schools\)](https://www.gov.uk/guidance/get-help-buying-for-schools) service.

If you have not considered collaboration

Think about areas in which collaboration might be valuable to the school, and about local schools with whom you might be able to collaborate.

Be aware of the particular challenges in any collaborative procurement.

Make sure you aggregate the full value of the whole contract over its entire term. Do not just consider the amount your school is initially paying. Contracts over the threshold in the [Procurement Policy Note 10/21: Thresholds and Inclusion of VAT \(https://www.gov.uk/government/publications/procurement-policy-note-0921-thresholds-and-inclusion-of-vat\)](https://www.gov.uk/government/publications/procurement-policy-note-0921-thresholds-and-inclusion-of-vat) are in scope of the Public Contracts Regulations. These values are reviewed every 2 years.

Key things to consider include:

- who will have responsibility for managing any collaborative contract – this could be as simple as confirming receipt of basic goods or could involve managing the ongoing supplier relationship for a service contract
- how you will resolve any problems between the supplier and a specific school
- having risk management protocols in place
- considering the time resources involved in managing the contract and how will these be shared fairly between all schools

Similar challenges exist in sharing procurement expertise, such as:

- defining the benefit for a school whose in-house expertise is being used by other schools or academies
- deciding if there are there any potential liability issues from following advice offered by another school or trust

23. Do you compare your non-staff expenditure against the DfE-recommended national approved frameworks to ensure you are achieving best value?

What this question means

National deals recommended by DfE

[Find a framework \(https://www.gov.uk/government/publications/deals-for-schools/deals-for-schools\)](https://www.gov.uk/government/publications/deals-for-schools/deals-for-schools) provides information on a wide range of non-staff deals that have been

reviewed by the schools commercial team (SCT) within DfE. These are assessed for compliance with procurement regulations, ease of use, suitability and value for money.

Good practice

DfE's [find a framework \(https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school\)](https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school) service includes DfE-approved frameworks from audit services to water supply. Many schools have been able to make significant savings by reviewing their existing arrangements against DfE's recommended deals.

It is good practice for schools to explore these deals, when their current arrangements are drawing to an end, to determine if they could achieve greater value for money than the school's current arrangements, or to renegotiate their current deals based on the prices and rates available through the DfE-approved frameworks. Advice and guidance on this is available through the [get help buying for schools \(https://www.gov.uk/guidance/get-help-buying-for-schools\)](https://www.gov.uk/guidance/get-help-buying-for-schools) service.

What to do if things are not right in your school

If your school has not yet reviewed or considered the DfE-approved frameworks, governors should ask the school's procurement leader to explore the deals available on the GOV.UK web page. As procurement processes often require a long lead-in time, schools should review the deals available well in advance of the end date of current arrangements.

Visit [buying for schools \(https://www.gov.uk/guidance/buying-for-schools\)](https://www.gov.uk/guidance/buying-for-schools) for information on the support available to schools in the procurement process.

24. Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?

What this question means

What an adequate standard is

The school estate should be maintained in a safe, working condition. It is important to know your buildings and to have an asset management plan, which reflects the performance and maintenance requirements of the elements referring to suppliers and manufacturers' guidance. You should consider the life-cycle and maintenance requirements of the materials used to construct the premises - for example, the roof coverings, the floor finishings, and the mechanical and electrical plant. Schools should develop a process that enables them to prioritise work appropriately and strategically.

Schools' legal responsibilities for maintaining their premises and other assets

In the case of most local authority maintained schools, the school's premises, including its land and buildings, will not be owned by the school itself, but by the local authority or diocese. The role of the school is to act as the responsible custodian of these premises.

It is important to understand who owns your school's premises and your responsibilities in relation to maintaining the premises. For example, the governing body of a voluntary aided school may be required to notify the local authority of expected capital expenditure and take account of advice from the local authority as to the merits of the proposed expenditure. They may also be required to seek consent from the local authority for the proposed works. Maintained schools that do not own their premises and are unsure about their responsibilities should contact the owner of the premises for further guidance.

For a school that was procured using the private finance initiative (PFI), the operation of the school premises will be the responsibility of a private sector consortium, technically known as a special purpose vehicle (SPV).

The SPV is responsible for building the school premises and undertaking maintenance and life cycle replacement during the life of the contract (typically 25 to 30 years). Every PFI deal has its own particular characteristics, and it is important that you understand the role and responsibilities of the SPV in relation to maintaining your premises.

Good practice

DfE expects all schools to manage their estate effectively and strategically, to maintain it in a safe working condition. [Good estate management for schools \(GEMS\)](https://www.gov.uk/guidance/good-estate-management-for-schools) (<https://www.gov.uk/guidance/good-estate-management-for-schools>) provides guidance on how to do this, including information on:

- strategic estate management – having a vision, strategy and asset management plan for your estate
- information you need to know about your estate
- planning and prioritising maintenance
- health and safety

The GEMS self-assessment tool enables schools to check if they have the things they need in place, and provides an action plan with links to the relevant guidance. GEMS also contains a range of tools and checklists to help schools and responsible bodies manage their school buildings and land.

Governing bodies should use these tools to identify areas for improvement and test their responses with members of their senior leadership team.

What to do if things are not right in your school

If your premises and assets are in urgent need of repair or replacement

If you have identified work that needs to be carried out urgently and that has not been planned for, the school should see if funding can be identified from within its current budget to address urgent repairs. If the school is not able to fund the whole cost of the work, if possible, you should develop a plan that addresses the work in stages and that ensures the safety of those using the site. If you are a maintained school, contact your local authority or diocese to see if they are able to offer exceptional assistance.

Further information

- [Good estate management for schools \(https://www.gov.uk/guidance/good-estate-management-for-schools\)](https://www.gov.uk/guidance/good-estate-management-for-schools) provides comprehensive information and tools to support both those who are responsible and those who are accountable for the management of the estate
- DfE and ESFA provide [schools resource management support \(https://www.gov.uk/government/collections/schools-financial-health-and-efficiency\)](https://www.gov.uk/government/collections/schools-financial-health-and-efficiency), including information, tools, training and guidance
- [Schools financial benchmarking \(https://schools-financial-benchmarking.service.gov.uk/\)](https://schools-financial-benchmarking.service.gov.uk/) contains data for all maintained schools and academies, and enables comparisons, in a number of expenditure and workforce categories, with other similar schools
- [View my financial insights \(VMFI\) \(https://www.gov.uk/government/publications/academy-trusts-view-my-financial-insights\)](https://www.gov.uk/government/publications/academy-trusts-view-my-financial-insights) helps schools view and improve their financial performance by providing an automated assessment of their data based on similar schools. This assessment identifies areas that may require further attention and matches your data with relevant guidance and resources
- [Buying for schools \(https://www.gov.uk/government/collections/buying-for-schools\)](https://www.gov.uk/government/collections/buying-for-schools) includes a wealth of information including best practice procurement, training, and model templates and data protection guidance
- [Get help buying for schools \(https://www.gov.uk/guidance/get-help-buying-for-schools\)](https://www.gov.uk/guidance/get-help-buying-for-schools) provides free and impartial advice and guidance from procurement specialists for all state-funded schools in England on buying goods and services

F. Protecting public money

25. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?

What this question means

Outstanding matters

When a school is audited, or analyses its strengths and weaknesses for itself, a summary report should be produced that clearly sets out the issues or weaknesses that the school needs to address. The school should then formulate a plan to address the issues and weaknesses, and ensure that they are addressed promptly. Outstanding matters are issues that have not been adequately addressed.

Why it is important for the governing body to be sure that there are no outstanding matters

Issues that have been identified by auditors or by the school itself that have not been resolved will hamper the operation of the school and may put public funds at risk. The governing body therefore needs to make sure that they are dealt with promptly.

Good practice

Keep a record of outstanding matters

Schools should have a clear system for recording outstanding matters. Following an audit, the governing body and headteacher should receive an audit report (for maintained schools the auditors will be from the local authority, or commissioned by them, unless the school has organised a separate external audit). Some local authorities run theme-based audits using a sample of schools and schools should make sure they receive and take into account these audit reports as well.

The school should establish a list of issues to be addressed and a timed plan for addressing each issue.

How to ensure you deal with outstanding issues and weaknesses promptly

As noted above, a timed action plan should be established to address each issue. Regular reports on progress should be made to the governing body.

The school should ensure that responsibilities and lines of reporting are clear. Each action should be assigned to a named owner who should have responsibility for carrying it out and reporting back. The governing body should note formally when an issue has been cleared.

What to do if things are not right in your school

If your school does not receive audit reports

If a school does not receive a report following an audit inspection, it should contact the audit team as a matter of urgency.

If there are outstanding matters

If there are matters outstanding from previous audits or self-assessments, and there is no action plan or the action plan has not been carried out in full, the school needs to agree a revised action plan with timely milestones for actions that will resolve the outstanding matters. The plan should attribute actions to named people with clear deadlines.

If the school is not sure whether there are outstanding matters, it may be necessary to go through the previous audit or self-assessment to see what issues were raised and find out whether action has been taken on them.

26. Are there adequate arrangements in place to manage related party transactions and has a complete list of related party transactions been appended to the checklist document (see [template for recording related party transactions](#)

(<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>)

What this question means

Related party transactions

A related party transaction is a contract or other agreement between the reporting entity (in this case, school) and a person or entity that has close links with the persons awarding the contract. It is a concept that largely applies to companies, but the same principles apply to public bodies such as maintained schools.

Contracts or agreements with the school's maintaining local authority or with trustees of a voluntary school are not to be treated as related party transactions. Working through a school company set up by the school is also not a related party transaction: on school companies see [The School Companies Regulation 2002](#) (<https://www.legislation.gov.uk/uksi/2002/2978/contents/made>).

The principle is not that related party transactions should never happen, but that effective procedures should be in place to ensure that open and transparent procurement procedures are followed, and any potential conflicts of interest are declared and then adequately and appropriately managed.

Related party transactions which might arise in schools and need to be declared

A member of the governing body, or a member of staff, or a close relative of such a person, might have a stake in a company or organisation that was bidding for a contract to be awarded by the school. The governor or member of staff concerned must declare this interest as it arises and take no part in the procurement procedure.

The same would apply if a close relative of a governor or member of staff was applying for a job at the school, though that is not to be reported as a related party transaction under SFVS.

How interests should be declared to avoid conflicts of interest

The principal route for this is the declaration of business interests (Question 4). However, if any situation arises which is not covered by the register of business interests, any governor or member of staff should look to err on the side of making a new declaration of interest rather than putting the school in a potentially difficult position where a relevant interest had not been declared.

Reporting related party transactions to your local authority

The school should have a record of any related party transactions that have been arrived at through proper procedures and should append this list to the checklist, using the [template for recording related party transactions](https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs) (<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>).

A related party transaction may, in some cases, provide the best deal and the best value for money for the school. But to avoid any appearance of impropriety, the school should keep a record of any related party transaction and append it to the checklist. Contracts and agreements that are live in the year that the SFVS is being completed for need to be reported. These should continue to be reported until the year in which the contract ceases, at which point they can be removed from the list. Historic related party transactions are not to be reported.

Unlike in the academy sector, schools do not need to seek authorisation for related party transactions and this list is only intended to assist local authorities with regard to their duty to oversee and advise the schools they maintain.

It is recommended that local authorities pay closest attention to those related party transactions valued at over £20,000. There is no function imposed on local authorities to authorise or forbid any such transaction (as is required in the academy sector). However, they will be required to report to DfE on the total number and value of related party transactions in maintained schools in their local authorities. Individual local authorities have discretion as to whether to impose further controls or require additional information.

What to do if things are not right in your school

If you have an existing related party transaction that is not properly documented

You should immediately take steps to document the procurement process and the transaction as indicated above. If this suggests there may have been some impropriety, you should consider whether the school ought to extract itself from the contract or agreement and, if so, how this might best be done. Appropriate legal advice should be taken in this scenario.

27. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?

What this question means

Adequate arrangements against fraud and theft

Schools need a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. Arrangements should both prevent malpractice, and enable prompt detection should it nonetheless occur.

Possible types of fraud and theft

This list gives examples but cannot be exhaustive:

- theft, such as retaining cash collected for school dinners, trips or taking away school assets for personal use
- false claims, such as travel which did not take place or for unworked overtime
- unauthorised purchase of equipment for personal use
- improper use of petty cash for personal purposes
- failing to charge appropriately for goods or services, such as not charging for school rooms used for private functions or providing improper gifts or hospitality
- processing false invoices for goods or services not received and pocketing the proceeds
- making false entries on the payroll, such as inventing a fictitious employee and arranging to be paid an additional salary
- payment of inappropriate bonuses
- misusing school financial systems to run a personal business
- improper recruitment, such as employing a family member or individual known personally to a member of staff without following appropriate recruitment procedures
- buying from a supplier or contractor known personally to a member of staff without following required procurement procedures or declaring a business interest
- separating purchases to avoid tendering thresholds
- suppliers or contractors failing to deliver the agreed goods or services but still being paid in full

Noting any instance of fraud or theft detected in the past 12 months

All schools should keep a written log of any instances of fraud or theft detected. This should include attempted fraud or theft, so long as this would not prejudice any ongoing action such as legal action against the perpetrators. This log will help the school to identify patterns of misconduct and any weaknesses in their current arrangements that need to be addressed.

Why you need to have adequate arrangements in place to guard against fraud and theft

Schools manage substantial sums of public money and consequently need to safeguard public funds. Local authorities would be likely to take strong action against maintained schools that appeared persistently vulnerable to fraud and theft.

Good practice

How to ensure that your school has adequate arrangements in place to safeguard against fraud and theft

The governing body will expect the headteacher and other senior staff to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves. The main features of such arrangements are likely to include:

- financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents
- separation of duties – no one member of staff should be responsible for both validating and processing a transaction, for example, certifying that goods have been received and making the payment for them
- strictly limited access to systems for authorising and making payments
- spot checks on systems and transactions – this will help identify new risks and measure the effectiveness of existing controls. It also indicates to staff that fraud prevention is a high priority
- investigation and logging of every incident of irregularity, including instances of attempted fraud
- careful pre-employment checks on staff who will have financial responsibilities
- making staff members' financial responsibilities clear through written job descriptions and desk instructions

Make the information available to all staff

The governing body and headteacher should 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 should be included in induction for new school staff and governors. Staff should be reminded of this information if an incident occurs.

What to do if things are not right in your school

If adequate arrangements are not in place in your school

Adequate arrangements will need to be put in place as soon as possible. If you are unsure how to do this, you should contact your local authority urgently. You need to

identify which arrangements are not adequate and agree an action plan to address them with a deadline for implementation. Once the new arrangements are in place, you should evaluate their effectiveness and regularly review the school's full arrangements to make sure they remain adequate.

If fraud or theft is suspected or discovered, including any instances of attempted fraud or theft

Maintained schools should contact their local authority for help and support in instances where fraud or theft is suspected or discovered and should always report the matter to the local authority.

28. Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?

What this question means

Whistleblowing

Whistleblowing means the confidential raising of problems or concerns within an organisation (school) or within an 'independent review structure' associated with that organisation. For maintained schools, this is your local authority. It provides protection for individuals who disclose malpractice and wrongdoing.

Why it is important for schools

Whistleblowing allows individuals to bring to notice such matters as malpractice, wrongdoing and victimisation. The confidentiality of the process should encourage individuals to raise problems or concerns.

Issues covered by whistleblowing

Malpractice and wrongdoing will include the following, but the precise coverage and terms used can vary:

- any unlawful act, whether criminal or a breach of civil law
- maladministration, as defined by the local government ombudsman
- breach of any statutory code of practice
- breach of, or failure to implement or comply with, financial regulations or standing orders
- any failure to comply with appropriate professional standards
- fraud, corruption or dishonesty
- actions which are likely to cause physical danger to any person, or to give rise to a risk of significant damage to property
- loss of income to the school

- abuse of power, or the use of the school's powers and authority for any unauthorised or ulterior purpose
- discrimination in employment or the provision of education
- any other matter that staff consider they cannot raise by any other procedure

Good practice

The school should have whistleblowing arrangements in place

All schools should have whistleblowing arrangements in place and governing body minutes should record that they do. For maintained schools, the arrangements should be based on the local authority policy, which applies to all schools within their remit, and could be tailored as appropriate for the school.

The school staff should have someone trustworthy to report their concerns to

The governing body should agree one or more members of the school's staff and of the governing body to whom staff can report concerns. Also, maintained schools should make known to staff one or more people at the local authority whom their staff can report concerns to if they feel a need to go outside the school. All school staff should be made aware of this information.

What to do if things are not right in your school

Introducing or improving your whistleblowing arrangements

If your school does not have current whistleblowing arrangements and is a maintained school, your local authority will have a policy which applies to all schools within their remit. You could contact them for a copy of this or further advice.

You should think how your local authority's policy could be tailored so that it fits the specific circumstances of your school and ensure that you have appointed named members of staff and governors whom other staff can report concerns to.

Making staff aware of the school's whistleblowing arrangements

If staff are not currently aware of the whistleblowing arrangements, they should be informed about them in a way that is easy for all to see. In particular, they should be made aware of the:

- protection that is available to all members of staff, including temporary staff and contractors
- areas of malpractice and wrongdoing that are covered
- routes available within the school and the local authority for raising issues

29. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the consistent financial reporting return?

What this question means

An adequate accounting system

The main characteristics of an adequate accounting system are that it:

- accurately records income and expenditure
- produces reliable and accurate management information, including providing decision makers with timely and accurate information relevant to their responsibilities and requirements
- contains adequate internal control measures to ensure the protection of assets and the provision of reliable information
- is sufficiently flexible to accommodate changes in volumes and operating procedures without requiring drastic modification

For maintained schools, if the school is not using the local authority's accounting system, then the school's system needs to be capable of consolidation with the local authority's accounts and of producing reports and information required by the local authority.

Information the system needs to record

The accounting system should record detailed information on income and expenditure, covering all of the school's financial transactions. For maintained schools, it must be capable of recording data in such a way that it can provide details of revenue income and expenditure, capital income and expenditure and balances that fit the consistent financial reporting (CFR) data requirement (see further information). The system should support the production of accurate reports so that the school can effectively monitor the budget throughout the year.

As school funding is driven by the numbers of school pupils and their characteristics, schools should have up to date and accurate records on all their pupils.

Why an adequate accounting system is important

Schools are responsible for large sums of public money and so it is vital that they have accounting systems that allow them to accurately record and monitor their income and expenditure. Accurate budget monitoring reports will provide important information about spending patterns that help schools to make realistic forecasts of year-end under or overspends. Producing the CFR return enables maintained schools to benchmark their spending against similar schools and consider in which areas they could achieve better value for money.

Good practice

A good accounting system should enable the school to easily produce monitoring reports with different levels of detail

The system should be able to produce reports, which include information such as:

- annual and profiled budget
- actual spend to date (paid out of the school bank or by the local authority)
- comparisons of expected spend and actual expenditure
- end-of-year projections
- a good accounting system should automate the production of monitoring reports

A good system should automatically generate reports from base financial records

Schools should expect their accounting system to automate the production of the numeric budget-monitoring reports as much as possible, by either:

- using the reporting functions provided in school finance software packages
- downloading data from less flexible systems into linked spreadsheets that automatically pick up and summarise cost centre codes

Schools should ensure the information they record and the reports produced are accurate

Schools are responsible for ensuring their information is up to date and accurate for their own benefit and because, for maintained schools and their annual CFR returns, these are used widely by the department, local authorities, other schools for benchmarking purposes and the general public.

A good accounting system will be able to produce data extracts in common industry standard formats (for example, XML). This enables maintained schools to meet their statutory requirements for providing data to the department.

What to do if things are not right in your school

If your school does not have an adequate accounting system

Many providers offer school accounting systems and the school should identify which system best meets their needs. For maintained schools, your local authority should be able to offer advice on the options available and the ones that are compatible with their system.

30. Does the school have adequate arrangements for audit of voluntary funds?

What this question means

Voluntary funds

Voluntary funds are any funds from non-public sources that exist for the purposes of a school and are established under the authority of the school governors. They are sometimes known as school private funds. They might include income from parents or pupils, and donations from parents or members of the public. Most schools have such funds.

Why voluntary funds need to be audited

Voluntary funds operate alongside public funds and there is a need for audit on both sides to guard against any misuse of public funds. Most voluntary funds will be set up on a charitable basis and charity law also requires them to be audited in an appropriate way.

Local authority schemes for financing schools should include a provision requiring maintained schools to provide audit certificates to the local authority in respect of voluntary and private funds held by schools.

Good practice

All schools should ensure their funds are adequately audited

Voluntary funds should be audited annually and the audit should be completed within 3 months of the end of each financial year. All funds should be audited by an independent person who is not associated with the fund in any other way.

Funds should be audited by a qualified accountant who will provide a certificate in accordance with published professional standards. However, very small funds could be audited by a suitable individual familiar with the principles of accountancy rather than necessarily a qualified accountant.

For maintained schools, there may be relevant provisions concerning the audit in the local authority's scheme for financing schools.

What an audit should cover

The purpose of an audit is to provide independent assurance to governors that:

- the fund concerned is being correctly operated in accordance with the fund objectives
- the financial statements produced by the fund manager are correctly stated

In order to do this the auditor will test that:

- all income has been correctly accounted for
- the monetary balances reconcile

- the stated monetary balances do in fact exist
- expenditure is reasonable and in accordance with the fund objectives
- funds have not been used as a vehicle for personal transactions
- guidelines for record keeping have been followed

Making accounts available

Under Charity Commission guidelines the accounts of a school's voluntary funds should be made available on demand to interested parties, for example staff or parents. Many schools appear not to be aware of this. Also, the school should make the accounts and audit available to the governing body.

What to do if things are not right in your school

If your voluntary funds are not being adequately audited

Schools should appoint an appropriate auditor as soon as possible. A local accountant should be suitable, provided they are not otherwise associated with the fund.

If accounts for past years have not been audited, they should be audited along with the most recent accounts and then an appropriate annual cycle of audit should be established at the end of the financial year.

Maintained schools will need to take account of any relevant provisions in the local authority's scheme for financing schools.

Further information

- Maintained schools should contact their local authority for further information and support
- Useful information on [whistleblowing \(https://www.gov.uk/whistleblowing\)](https://www.gov.uk/whistleblowing) in the public sector is available
- [Protect \(https://protect-advice.org.uk\)](https://protect-advice.org.uk) (formerly Public Concern at Work) is a charity providing support for organisations on whistleblowing and confidential independent advice to workers who have concerns about some wrongdoing in the workplace
- There is further information available about the reports DfE requires as part of [consistent financial reporting \(https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr\)](https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr)

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Statutory guidance

Schemes for financing local authority maintained schools

Updated 31 March 2022

Applies to England

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1. Summary

1.1 About this guidance

This is issue 14 of statutory guidance given by the Secretary of State pursuant to s.48(4) and paragraph 2A(2) of Schedule 14 to the School Standards and Framework Act 1998, [School Standards and Framework Act 1998](http://www.legislation.gov.uk/ukpga/1998/31/contents) (<http://www.legislation.gov.uk/ukpga/1998/31/contents>).

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

In making any changes to their schemes, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum.

Find out what has changed in this [issue](#).

1.2 Directed revisions

The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties.

There are no directed revisions.

1.3 Other important changes to the guidance

Section 5.8 Borrowing by schools

The reference to the Salix Scheme has been removed, as this scheme has now closed.

2. The outline scheme

We use the following references throughout this statutory guidance:

- “the act” is the [School Standards and Framework Act 1998](http://www.legislation.gov.uk/ukpga/1998/31/contents) (<http://www.legislation.gov.uk/ukpga/1998/31/contents>)

- “the authority” is the local authority
- “the regulations” are [School and Early Years Finance \(England\) Regulations 2022 \(https://www.legislation.gov.uk/ukxi/2022/27/contents/made\)](https://www.legislation.gov.uk/ukxi/2022/27/contents/made)

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

- the carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares
- amounts which may be charged against schools’ budget shares
- amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used
- the imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the local authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures
- terms on which services and facilities are provided by the local authority for schools maintained by them
- the payment of interest by or to the local authority
- the times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time
- the virement between budget heads within the delegated budget
- circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 act
- the use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets
- borrowing by governing bodies
- the banking arrangements that may be made by governing bodies
- a statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 act
- a statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the local authority for the purposes of section 519 of the 1996 act
- the keeping of a register of any business interests of the governors and the head teacher
- the provision of information by and to the governing body
- the maintenance of inventories of assets
- plans of a governing body’s expenditure
- a statement as to the taxation of sums paid or received by a governing body
- insurance.

- the use of delegated budgets by governing bodies so as to satisfy the local authority's duties imposed by or under the Health and Safety at Work etc Act 1974
- the provision of legal advice to a governing body
- funding for child protection issues
- how complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made
- expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 act

3. Introduction

3.1 The funding framework

The scheme should have an introductory section which describes the main features of the current funding framework.

A specimen description is at [Annex A](#). This may be amended, added to or replaced by a different version, but the scheme should aim for at least this level of detail. In particular, it should be made clear where the funding formula and details of centrally retained expenditure are set out, since these are no longer in the scheme.

3.2 The role of the scheme

The scheme should contain a paragraph which explains the role of the scheme itself. This should explain that the scheme sets out the financial relationship between the local authority and the maintained schools which it funds. It should make it clear that the scheme contains requirements relating to financial management and associated issues, binding on both the local authority and on schools.

3.3 Application of the scheme to the local authority and maintained schools

As a description of its institutional coverage, the scheme should state that it applies in respect of all community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by the local authority. The schools which the local authority will be maintaining should be listed for information in an annex to the scheme.

The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the local authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the local authority's area which are maintained by another authority. Nor does it apply to academies.

3.4 Publication of the scheme

The publication requirements are contained in the regulations. They make clear that, as a minimum, the scheme must be published on a website which is accessible to the general public and that any revised version must be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

3.5 Revision of the scheme

The scheme should contain a statement that any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the local authority before they are submitted to the schools forum for their approval.

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

It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

3.6 Delegation of powers to the head teacher

The scheme should require the governing body to consider the extent to which it wishes to delegate its financial powers to the head teacher, and to record its decision (and any revisions) in the minutes of the governing body.

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

It is open to the local authority to suggest to schools what might be a desirable level of delegation to head teachers, but the scheme must not seek to impose any particular level of delegation.

3.7 Maintenance of schools

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

system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

4. Financial controls

4.1 General procedures

Application of financial controls to schools

The scheme should contain a general provision requiring schools, in the management of their delegated budgets, to abide by the local authority's requirements on financial controls and monitoring, not only those in the scheme but also those requirements contained in more detailed publications referred to in the scheme.

The local authority's requirements can differ for schools with their own bank accounts.

Provision of financial information and reports

The scheme should contain a provision requiring schools to provide the local authority with details of anticipated and actual expenditure and income, in a form and at times determined by the authority. However, the scheme should not require submission of such details more often than once every three months except for those connected with tax or banking reconciliation; unless the local authority has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation.

The scheme should also make clear that the restriction to a minimum three month interval does not apply to schools which are part of an on-line financial accounting system operated by the local authority.

The form determined by the local authority for submission of information should so far as possible take account of the consistent financial reporting framework and the desirability of compatibility with that framework.

This is different from a requirement for annual budget plans.

Payment of salaries and payment of bills

The scheme may have a provision which applies separately published administrative procedures for these. Those procedures will vary according to the position on delegation of funds and any buyback of services which is in place.

Control of assets

The scheme should have a provision requiring each school to maintain an inventory of its moveable non-capital assets, in a form to be determined by the

local authority, and setting out the basic authorisation procedures for disposal of assets.

However, schools should be free to determine their own arrangements for keeping a register of assets worth less than £1,000. The scheme should encourage schools to register anything that is portable and attractive, such as a camera. They should keep a register in some form.

Although local authorities can determine the form of inventory for items above the £1,000 threshold, they may instead determine simply that schools should follow guidance, rather than a rigid format.

Accounting policies, including year-end procedures

The scheme should have a provision requiring schools to abide by procedures issued by the local authority for this.

Writing off of debts

The scheme may authorise governing bodies to write off debts up to a stipulated level, with brief details of the procedure to be followed for larger debts.

4.2 Basis of accounting

The scheme may contain a provision requiring that reports and accounts furnished to the local authority be on either a cash or accruals basis; but the scheme must not seek to impose either system on schools' internal systems.

The intention behind this provision is to ensure that although local authorities should be able to have reports furnished on the basis they need, they should not be able to dictate to schools how they organise their accounts. This means in particular that schools should be able to use what financial software they wish, provided they meet any costs of modification to provide output required by the local authority.

4.3 Submission of budget plans

The scheme should contain a provision requiring each school to submit a plan to the local authority by a stipulated date showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The provision may require the submission of revised plans throughout the year.

The scheme should also contain a provision binding the local authority to supply schools with all school income and expenditure data which it holds which is necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.

The scheme should contain a provision which allows schools to take full account of estimated deficits and surpluses at the previous 31 March in their budget plan.

The form determined by the local authority for submission of budget plans should so far as possible take account of the consistent financial reporting framework and the desirability of compatibility with that.

Local authorities may insert in their schemes a requirement that provisional budget plans be submitted by a certain date; but these should be differentiated from the formal budget plan which should not be required before 1 May.

The school's formal annual budget plan must be approved by the governing body or a committee of the governing body.

The stipulated date for the initial submission of the plan should not be earlier than 1 May or later than 30 June.

The intervals at which revisions may be required should not be more often than once every three months.

The format of the plan should be specified by the local authority in a separate publication. Local authorities may wish to give guidance to schools on assumptions likely to be the same for all schools; inflation, for example.

Submission of financial forecasts

From the 2021 to 2022 funding year each school must submit a three-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

Local authorities should consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance, they could be used as evidence to support the local authority's assessment of schools financial value standards or used in support of the authority's balance control mechanism.

Local authorities must inform schools of the purposes for which they intend to use these 3-year budget forecasts: such a forecast may be used in conjunction with an authority's balance control mechanism.

4.4 School resource management

The scheme must include the following provision, which imposes a requirement on schools to manage their resources to maximise pupil outcomes.

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

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money.

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

4.5 Virement

The scheme should contain a provision allowing schools to vire freely between budget heads in the expenditure of their budget shares.

4.6 Audit: general

The scheme should contain a provision which places schools within an audit regime determined by the local authority as regards internal audit, and the authority's external audit regime as determined by the Local Audit and Accountability Act 2014, and requires them to co-operate with it.

Local authorities should ensure that the wording of the general audit provision includes a requirement to provide access to the school's records for both internal and external auditors.

The scheme may provide for different local authority audit arrangements for schools having their own bank account, compared with non-bank account schools.

4.7 Separate external audits

The scheme should contain a provision which specifically allows a governing body to spend funds from its budget share to obtain external audit certification of its accounts, separate from any local authority internal or external audit process.

There is no expectation by the Secretary of State that routine annual external audit at school level of budget share expenditure should be a usual feature of the funding system, merely that schools should not be prevented from seeking an additional source of assurance at their own expense.

The local authority's audit regime may include sample visits to schools by the authority's external auditors. There is no need to specifically allow for this in the scheme since the general provision covers it.

4.8 Audit of voluntary and private funds

A scheme should contain a provision requiring schools to provide audit certificates in respect of voluntary and private funds held by schools, and of the accounts of any trading organisations controlled by the school.

The purpose of such a provision is to allow the local authority to satisfy itself that public funds are not being misused.

Local authorities must not seek to impose through the scheme a right to audit such funds themselves or otherwise access the accounts of private funds. We do not believe that such access is required, or that the scheme can bestow it.

A school refusing to provide audit certificates to the local authority as required by the scheme is in breach of the scheme and the authority can take action on that basis. Access to the accounts of such funds by other agencies is a matter for them. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.

4.9 Register of business interests

The scheme must contain a provision which requires the governing body of each school to have a register which lists for each member of the governing body and the head teacher:

- any business interests they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the local authority and to publish the register, for example on a publicly accessible website.

The local authority may issue more detailed guidance on the maintenance of such a register.

4.10 Purchasing, tendering and contracting requirements

The scheme should contain a provision which requires schools to abide by the local authority's financial rules and standing orders in purchasing, tendering and contracting matters. This should include a requirement to assess in advance the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices and so on, taking account of the local authority's policies and procedures.

However, the scheme should also contain a provision which has the effect of disapplying from schools any provision of those rules or standing orders which would require them:

- to do anything incompatible with any of the provisions of the scheme or any statutory provision
- to seek local authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year
- to select suppliers only from an approved list

- or would permit 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

The fact that a local authority contract has been let in accordance with procurement procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of the procurement procedures, schools are viewed as discrete contracting local authorities.

The countersignature requirement should be applied sensibly by local authorities and schools alike, avoiding attempts to artificially aggregate or disaggregate orders to avoid or impose the requirement.

Schools may seek advice on a range of compliantly procured deals via [Buying for schools \(https://www.gov.uk/guidance/buying-for-schools\)](https://www.gov.uk/guidance/buying-for-schools).

4.11 Application of contracts to schools

The scheme should contain a provision which makes clear the right of schools to opt out of local authority arranged contracts.

The scheme should include a provision which makes clear that although governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the local authority as maintainer of the school and the owner of the funds in the budget share (this is the main reason for allowing authorities to require authority counter-signature of contracts exceeding a certain value).

The provision should also however make clear that other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations; for example, contracts made by aided or foundation schools for the employment of staff.

4.12 Central funds and earmarking

The scheme must contain a general provision authorising the local authority to make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares.

The scheme should stipulate that such allocations should be subject to conditions setting out the purpose or purposes for which the funds may be used; and while these conditions need not preclude virement (except where the funding is supported by a specific grant which the local authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such allocations might, for example, be sums for SEN or other initiatives funded from the central expenditure of a local authority's schools budget or other authority budget.

The scheme should contain a requirement that such earmarked funding from centrally retained funds is spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not vired into the budget share. There should be an accounting mechanism for schools to be able to demonstrate that this requirement has been complied with.

The local authority may include a requirement that earmarked funds must be returned to the authority if not spent within any period stipulated by the authority over which schools are allowed to use the funding.

The scheme should include a provision barring the local authority from making any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific grant.

4.13 Spending for the purposes of the school

Although section 50(3) of the School Standards and Framework Act allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme.

As well as the various standard provisions local authorities may wish to propose their own restrictions on this freedom, arising from local circumstances. By virtue of section 50(3A) (which came into force on 1 April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under section 50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. They have 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.

4.14 Capital spending from budget shares

The scheme should contain a provision specifically allowing governing bodies 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.

However the local authority may if it wishes stipulate that if there is expected capital expenditure from the budget share the governing body must notify the authority; and that it must take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure if it exceeds the figure of £15,000 (or some higher sum).

The scheme may specify that if the premises are owned by the local authority, or the school has voluntary controlled status, then the governing body should seek the consent of the authority to the proposed works, but such consent can be withheld only on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

Where any cash values appear in schemes local authorities may wish to update them when they revise the scheme.

These provisions would not affect expenditure from any capital allocation made available by the local authority outside the delegated budget share.

4.15 Notice of concern

The scheme should include a provision that allows the local authority to issue a notice of concern to any of its maintained schools. Model text is provided below but alternative wording could be used, including any additional conditions, prohibitions or limitations a local authority considers to be relevant in support of a notice of concern.

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

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

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school
- insisting that an appropriately trained or qualified person chairs the finance committee of the governing body
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools, such as the provision of monthly accounts to the local authority
- insisting on regular financial monitoring meetings at the school attended by local authority officers
- requiring a governing body to buy into a local authority's financial management systems
- 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, financial monitoring reports on such activities, or both

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 local authority may take where the governing body does not comply with the notice.

The purpose of this provision is to enable a local authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a governing body to comply with any requirements it deems necessary.

The principal criterion for issuing a notice, and determining the requirements included within it, must be to safeguard the financial position of the local authority or school.

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

Where a local authority issues a notice of concern the scheme should provide for the notice to be withdrawn once the governing body has complied with the requirements it imposes.

In placing this provision in their scheme, a local authority may wish to consider the way in which a dispute between it and the school it is issuing a notice to regarding any aspect of the notice may be resolved.

4.16 Schools financial value standard (SFVS)

All local authority maintained schools (including nursery schools and PRUs that have a delegated budget) must demonstrate compliance with the 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.

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.

For the financial year 2021 to 2022, schools should submit their SFVS to their local authority no later than 31 March 2022.

Local authorities should submit their assurance statement to DfE within 6 weeks, no later than 31 May 2022.

4.17 Fraud

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

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

5. Instalments of the budget share and banking arrangements

Local authorities having adopted the 'CIPFA Code of Practice for Treasury Management in Local Authorities' may wish to refer in the scheme to the fact that they have done so.

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

5.1 Frequency of instalments

The scheme should contain a provision which sets out the frequency with which the budget share will be made available to governing bodies. This should be at least once a term. Furthermore, the scheme should require the local authority to make available budget share instalments on a monthly basis to schools which so request it; but the request should be made prior to the start of the relevant financial year.

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

Some local authorities have asked why there should be budget share instalments for schools with no bank accounts. Section 50(2) of the Act provides that local authorities shall make budget shares available at times and in such a manner as prescribed by the scheme. Some local authorities do make funds available on a termly basis even if there is no bank account.

If a local authority wishes to provide that in effect a non-bank account school may draw on its entire budget share from the start of the year (although in practice this would not happen), it should say so in the scheme.

If a local authority is administering payroll for a school, the authority can ask the school concerned to consider whether it actually needs to take up the option, granted under the scheme, of receiving funds gross of salary costs.

5.2 Proportion of budget share payable at each instalment

The scheme should make clear on what basis the proportion of the budget share will be made available to schools, both in relation to the inclusion of estimated pay

costs and any weighting which means that instalments are not of equal size.

Where monthly instalments are made available, the scheme should allow schools to opt for instalments of the total budget share to be made available to them by payment into a school bank account, although budget shares net of estimated pay costs can be offered monthly as well.

The scheme should also set out the way in which the local authority will calculate the initial estimate of pay costs. This can be different for different sizes of school or for primary and secondary schools, but may not differentiate between categories of school, except where the estimate takes account of information supplied by individual schools.

Any differential weighting of termly or monthly instalments is a matter for local authority discretion provided the weighting is reasonable.

Schemes may make different provisions as to frequency and proportion of instalments for schools with bank accounts and those without.

5.3 Interest clawback

The scheme may provide for the local authority to deduct from budget share instalments an amount equal to the estimated interest lost by the authority in making available the budget share in advance.

Where such provision is made the scheme should explain the justification for a clawback and clearly show the calculation basis of the deduction, taking account of the frequency options offered by the scheme.

The precise methodology for clawback calculations is for the local authority to determine; any reasonable basis will be approved provided it is simple to understand and does not go further than recovering lost interest. Where the whole budget share is to be paid into accounts on a monthly basis, payment at a date close to that on which salaries are due will act to reduce loss of interest.

5.4 Interest on late budget share payments

The scheme should include a provision requiring the local authority to add interest to late payments of budget share instalments, where such late payment is the result of authority error.

The interest rate used should be that used for clawback calculations or if no such clawback mechanism is in place, at least the current Bank of England base rate.

5.5 Budget shares for closing schools

The scheme may provide for budget shares of schools for which approval for discontinuation has been secured, to be made available until closure on a monthly

basis net of estimated pay costs, even where some different basis was previously used.

5.6 Bank and building society accounts

The scheme should permit all maintained schools to have external bank accounts into which their budget share instalments (as determined by other provisions) are paid.

The scheme should also provide that where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within a local authority contract which makes other provision.

Local authorities may provide that schools without bank accounts cannot have one until any deficit balance is cleared; and that any school requesting a bank account at a later date shall not be able to have one until any deficit is cleared.

Schemes should include a provision stipulating that if a school opens an external bank account the local authority must, 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.

Schemes can require all schools to have such accounts, but there is no expectation that this would normally be the case.

Bank accounts as referred to here do not include imprest accounts, although there is nothing to prevent local authorities offering imprest accounts to schools as an alternative.

5.7 Restrictions on accounts

The scheme should specify which banks or building societies accounts may be held with for the purpose of receiving budget share payments. The approved list should be consistent with the local authority's treasury management policy.

The scheme should allow schools to have accounts for budget share purposes which are in the name of the school rather than the local authority. However, if a school has such an account the scheme should require that the account mandate provides that the local authority is the owner of the funds in the account, that it is entitled to receive statements, and that it can take control of the account if the school's right to a delegated budget is suspended by the authority.

The authority can continue to have arrangements negotiated with certain banks whereby the accounts are in the name of the local authority but specific to each school, and offer such arrangements to schools.

Budget share funds paid by the local authority and held in school accounts remain authority property until spent (section 49(5) of the act).

Schemes may contain a provision restricting the signatories for bank accounts, but such provisions should allow at least local authority employees and school employees to be signatories.

Such a provision should not be limited to local authority employees only, because this is not practicable for foundation or aided schools. Schemes may bar governors who are not members of staff from being signatories.

The scheme should not contain provisions restricting the use of direct debits or standing orders for a bank account operated by a school, except where the account is part of a local authority contract.

5.8 Borrowing by schools

The scheme should contain a provision reminding schools that governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.

The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval.

Schemes may explicitly bar schools from using interest bearing credit cards and overdrafts, which are regarded as borrowing. However, they should encourage the use of procurement cards by schools, as these cards can be a useful means of facilitating electronic purchase. Schemes may also wish to permit the use of credit or charge cards. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis.

The restrictions do 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 local authority when repaying loans.

This provision does not apply to loan schemes run by the local authority. The introduction of IFRS 16 has been postponed in relation to 2022 to 2023.

5.9 Other provisions

Schemes may apply separate detailed rules and guidance in respect of other aspects of banking arrangements, provided no aspect of those rules and guidance conflicts with the scheme's own requirements.

Such additional rules and guidance may relate in particular to types of account as well as operating procedures.

6. The treatment of surplus and deficit balances arising in relation to budget shares

6.1 Right to carry forward surplus balances

The scheme must contain a provision which allows schools to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

The scheme should explain the basis on which the amount of any balance to be transferred to a school's bank account would be calculated on a provisional basis for a school having a new bank account, and the date by which the transfer would occur, pending a later reconciliation.

The amount of a surplus balance would be shown in the relevant outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although there may be commitments against any figure shown in such a statement.

6.2 Controls on surplus balances

The scheme may contain a mechanism to claw back excess surplus balances.

Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy.

The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances or where some level of redistribution would support improved provision across a local area.

6.3 Interest on surplus balances

Schemes must contain a provision which makes it clear whether balances held by the local authority on behalf of schools will attract interest. If such balances do attract interest the scheme itself may show the basis of calculation, or there may be reference to separate guidance issued from time to time.

6.4 Obligation to carry forward deficit balances

The scheme must contain a provision which has the effect of carrying forward deficit balances, by providing for deficits to be deducted from the following year's budget share.

The deficit balance would be shown on the outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although this might be shown gross of committed expenditure and therefore appear lower than would otherwise be the case.

6.5 Planning for deficit budgets

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2022.

6.6 Charging of interest on deficit balances

The scheme may contain a provision permitting the local authority to charge interest on deficit balances. If so the basis on which interest is charged must be made clear in the scheme itself.

6.7 Writing off deficits

The scheme should contain a provision which makes it clear that the local authority cannot write off the deficit balance of any school.

If a local authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's schools budget; from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by schools forum.

6.8 Balances of closing and replacement schools

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

6.9 Licensed deficits

A local authority may include in its scheme provision for an arrangement whereby schools are allowed to plan for a deficit budget.

Such an arrangement is normally funded by the collective surplus of school balances held by the local authority on behalf of schools, although it is open to an authority with no such surplus to make alternative arrangements if it can do so within the relevant local authority finance legislation.

Although such a provision may refer to other guidance on the operation of the deficit arrangement, the scheme itself should specify the:

- maximum length, not to exceed 3 years, over which schools may repay the deficit (reach at least a zero balance), with appropriate mechanism to ensure that the deficits are not simply extended indefinitely
- purposes for which the deficit arrangement may be agreed
- maximum size of the deficits which may be agreed; this may be by reference to the size of the budget share or in cash terms or some combination
- maximum proportion of the collective balances held by the local authority which will be used to back the arrangement
- role of the Director of Children's Services and the Chief Finance Officer of the Local Authority in agreeing any arrangements for individual schools

It is open to a local authority to extend such an arrangement by inviting schools holding balances in external bank accounts to use some or all of those balances to back the arrangement; if so the scheme should make clear the basis on which this would occur.

Balances held by a school in an external bank account remain the property of the local authority, if made available by the authority initially, and therefore may legally be taken into account by the authority in assessing the total level of licensed deficit which it might wish to make to schools.

However, the Secretary of State believes that it is right that schools be asked to give a view as to whether the local authority should take them into account in this way, and that this provides assurance for the authority as well as schools.

Under a licensed deficit scheme the only effect on budget and outturn statements is that in the latter, the balance goes into deficit because expenditure is at a higher level than the budget share, but this deficit reduces to zero by the end of the repayment period because the school has to constrain its expenditure to effect the repayment. No 'payment' to the school is recorded.

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.

6.10 Loan schemes

It is open to a local authority to include in its scheme a form of loan arrangement for schools that does not operate by way of a licensed deficit, but rather by way of actual payments to schools or expenditure by the authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share; if

so, the same parameters for the arrangement should appear in the scheme as listed above for licensed deficits.

Again, a local authority may wish to invite schools with balances in external accounts to use some or all of those balances to back a loan scheme, and the scheme should make clear on what basis this would occur.

If there is a loan scheme on this basis the local authority must show in its budget statements the amount centrally retained for what would be a devolved payment to schools, and the payment should appear in the outturn statements.

Loans must only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans must not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school in individual cases.

Credit union approach

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

7. Income

The basic principle to which schemes should adhere is that schools should be able to retain income except in certain specified circumstances.

7.1 Income from lettings

The scheme should contain a provision which allows schools to retain income from lettings of the school premises which would otherwise accrue to the local authority, subject to alternative provisions arising from any joint use of private finance initiative (PFI) or purchasing power parity agreements.

The scheme should expressly allow schools 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 be required to have regard to directions issued by the local authority as to the use of school premises, as permitted under the act for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

7.2 Income from fees and charges

The scheme should contain a provision allowing schools to retain income from fees and charges except where a service is provided by the local authority from centrally retained funds. However, schools should be required to have regard to any policy statements on charging produced by the local authority.

Income from boarding charges is collected on behalf of the local authority and should not exceed that needed to provide board and lodging for the pupils concerned.

7.3 Income from fund-raising activities

The scheme should contain a provision which makes it clear that schools are allowed to retain income from fund-raising activities.

7.4 Income from the sale of assets

The scheme should contain a provision which allows schools to retain the proceeds of sale of assets, except in cases where the asset was purchased with non-delegated funds (in which case it should be for the local authority to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the authority.

The retention of proceeds of sale for premises not owned by the local authority will not be a matter for the scheme.

7.5 Administrative procedures for the collection of income

The scheme may have a provision which applies separate rules on this to schools, but only for income which accrues to the local authority; for example where a school has contracted with the council meals service.

The local authority may wish to take advice from its local VAT business advice centre as to whether schools should charge VAT on lettings and on the services which lead to fees and charges, and on the VAT implications of fund raising activities and sale of assets.

7.6 Purposes for which income may be used

The scheme may have a provision that income from sale of assets purchased with delegated funds may only be spent for the purposes of the school.

8. The charging of school budget shares

8.1 General provision

The scheme should contain a provision which allows the budget share of a school to be charged by the local authority without the consent of the governing body only in circumstances expressly permitted by the scheme, and requires local authorities to consult schools as to the intention to so charge, and notify schools when it has been done.

Schemes may provide for a disputes procedure for such charges.

Although the right of local authorities to protect their financial position from liabilities caused by the action or inaction of governing bodies by charging budget shares is well established, the government is anxious to ensure that schools are clearly aware of the circumstances in which this may happen.

Schemes must therefore list the circumstances in which such charging is permitted. The main ones are given below, and local authorities may add others or omit some if they consider them unnecessary.

It may be useful to remind schools that the local authority cannot act unreasonably in the exercise of any power given by the scheme, or it may be the subject of a direction under section 496 of the Education Act 1996.

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

In some cases, the ability to charge budget shares depends on the local authority having given prior advice to the governing body. Local authorities need to ensure that they have taken steps that enable them to give advice whenever possible, and will wish to remind schools of this.

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

8.2 Charging of salaries at actual cost

The scheme should have a provision which requires the local authority to charge salaries of school-based staff to school budget shares at actual cost.

8.3 Circumstances in which charges may be made

1. Where premature retirement costs have been incurred without the prior written agreement of the local authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the authority).
2. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see [Annex B](#)).
3. Awards by courts and employment tribunals against the local authority, or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice. Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the local authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position. Local authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.
4. Expenditure by the local authority in carrying out health and safety work or capital expenditure for which the authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
5. Expenditure by the local authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the authority or the school has voluntary controlled status.
6. Expenditure incurred by the local authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the authority. The local authority itself needs to consider whether it has an insurable interest in any particular case.
7. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the local authority.
8. Recovery of penalties imposed on the local authority by the Board of Inland Revenue, the Contributions Agency, His Majesty's Revenue and Customs (HMRC), Teachers' Pensions, the Environment Agency or other regulatory local authorities as a result of school negligence.
9. Correction of local authority errors in calculating charges to a budget share; for example, pension deductions. Before applying any such provision, the local authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable.
10. Additional transport costs incurred by the local authority arising from decisions by the governing body on the length of the school day, or failure to notify the authority of non-pupil days resulting in unnecessary transport costs.
11. Legal costs which are incurred by the local authority because the governing body did not accept the advice of the authority.

12. Costs of necessary health and safety training for staff employed by the local authority, where funding for training had been delegated but the necessary training not carried out.
13. Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
14. Cost of work done in respect of teacher pension remittance and records for schools using non-local authority payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations.
15. Costs incurred by the local authority in securing provision specified in an education, health and care (EHC) plan where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN or specific funding for a pupil with high needs.
16. Costs incurred by the local authority due to submission by the school of incorrect data.
17. Recovery of amounts spent from specific grants on ineligible purposes.
18. Costs incurred by the local authority as a result of the governing body being in breach of the terms of a contract.
19. Costs incurred by the local authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
20. Costs incurred by the local authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

9. Taxation

9.1 Value Added Tax (VAT)

The scheme should include a provision which summarises the procedure schools should follow in order to be able to utilise the local authority's ability to reclaim VAT on expenditure relating to non-business activity. The provision should stipulate that amounts so reclaimed will be passed back to the school.

The provision would normally refer to more detailed separate guidance. Detailed guidance issued by the local authority should make clear what the normal timescale for reimbursement is.

HMRC has agreed that VAT incurred by schools when spending any funding made available by the local authority is treated as being incurred by the authority and qualifies for reclaim by the authority.

This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Local authorities may find it useful to consult local VAT business advice centres on issues regarding VAT reimbursement.

9.2 Construction Industry Scheme (CIS)

The scheme should contain a provision requiring schools to abide by procedures issued by the local authority in connection with CIS.

10. The provision of services and facilities by the local authority

10.1 Provision of services from centrally retained budgets

The scheme should contain a provision which makes it clear that it is for the local authority to determine on what basis services from centrally retained funds will be provided to schools.

The provision should be drawn in a way that clearly encompasses existing premature retirement costs and redundancy payments, which may not ordinarily be thought of as services.

The scheme should contain a provision barring the local authority from discriminating in its provision of services on the basis of categories of schools, except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

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

The scheme should contain a provision limiting the term of any arrangement with a school to buy services or facilities from the local authority to a maximum of 3 years from the date of the agreement, and periods not exceeding 5 years for any subsequent agreement or extensions relating to the same services.

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

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

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

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

This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the local authority to show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.

10.3 Packaging

The scheme should contain a provision to the effect that any service which a local authority is providing on a buyback basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

This provision would not prevent local authorities offering packages of services which offer a discount for schools taking up a wider range of services, but authorities are encouraged to offer services singly as well as in combination.

10.4 Service level agreements

The scheme should provide that service level agreements must be in place by a certain date to be effective for the following financial year, and that schools must have at least a month to consider the terms of agreements.

The scheme should contain a provision which stipulates that if services or facilities are provided under a service level agreement, whether free or on a buyback basis, the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

The scheme should explicitly provide that services, if offered at all by the local authority, will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements.

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

The scheme should specifically exclude centrally arranged premises and liability insurance from these requirements as to service supply, as the limitations envisaged may be impracticable for insurance purposes.

10.5 Teachers' Pensions

The scheme should provide that governing bodies of schools which provide payroll services should submit a monthly return of salary and service to the local authority.

Governing bodies should also ensure that details of additional voluntary contributions (AVCs) are passed to the local authority within the time limit specified in the AVC scheme. The standard text for this is:

“In order to ensure that the performance of the duty on the local authority to supply Teachers’ Pensions with information under the Teachers’ Pension Scheme Regulations 2014, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this scheme in relation to their budget shares.

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

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the local authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the authority which the authority requires to submit its monthly return of salary and service to Teachers’ Pensions and to produce its audited contributions certificate.

The local 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 local authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the local authority which the authority requires to submit its monthly return of salary and service to Teachers’ Pensions and to produce its audited contributions certificate.

The local 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 local authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.”

11. Private finance initiative (PFI) and public private partnerships (PPP)

A local authority may wish to insert into its scheme other provisions relating to PFI and PPP projects. Amongst other issues these might deal with the reaching of agreements with the governing bodies of schools as to the basis of such charges, and the treatment of monies withheld from contractors due to poor performance.

Among PFI and PPP provisions may be one which formally sets out the power of the local authority to charge to the school’s budget share amounts agreed under a

PFI or PPP agreement entered into by the governing body of a school.

12. Insurance

12.1 Insurance cover

The scheme should contain a provision which stipulates that if funds for insurance are delegated to any school, the local authority may require the school to demonstrate that cover relevant to an authority's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the authority if the authority makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.

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

The scheme must require the local authority to have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools. Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA.

The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires.

The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.

13. Miscellaneous

13.1 Right of access to information

As well as specific requirements listed above, the scheme may require governing bodies to supply all financial and other information which might reasonably be required to enable the local 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 on the school; for example, earmarked funds.

13.2 Liability of governors

The scheme should contain a provision which points out that because the governing body is a corporate body, and because of the terms of section 50(7) of the act, governors of maintained schools will not incur personal liability in the

exercise of their power to spend the delegated budget share provided they act in good faith.

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 local authority advice as to financial management.

13.3 Governors' Allowances

Schools without delegated budgets

The scheme should have a provision which allows the local authority to delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Governing bodies would not normally have discretion in the amounts of such allowances, which would be set by the local authority.

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 scheme should contain a provision forbidding payment of any other allowances. Schools should also be barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by them to schools under special measures.

Schools with delegated budgets

For schools with delegated budgets, local authorities may publish, separately from the scheme, a guide to what it considers to be reasonable expenses.

13.4 Responsibility for legal costs

The scheme may contain a provision pointing out that legal costs incurred by the governing body may be charged to the school's budget share, unless the governing body acts in accordance with the advice of the local authority; although this is 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.

The effect of this is that a school cannot expect to be reimbursed for the cost of legal action against the local authority itself; although there is nothing to stop an authority making such reimbursement if it believes this to be desirable or necessary in the circumstances.

The costs referred to are those of legal actions, including costs awarded against a local authority; not the cost of legal advice provided.

A scheme should explain the procedure which schools should follow in obtaining legal advice where there is a conflict of interest between the local authority and the governing body.

This does not mean that a special procedure should be established, but governing bodies should be made aware of the potential problems that may arise and how they may resolve these.

13.5 Health and safety

The scheme should include a provision requiring governing bodies, in expending the school's budget share, 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 the budget share.

13.6 Right of attendance for Chief Finance Officer

The scheme should require governing bodies to permit the Chief Finance Officer of the local authority, or any officer of the authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of their responsibilities.

The Chief Finance Officer's attendance should normally be limited to items which relate to issues of probity or overall financial management; such attendance should not be regarded as routine. The local authority should give prior notice of such attendance unless this is impracticable.

13.7 Special educational needs

Local authorities may wish to insert a provision requiring schools to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

Although this is anyway a statutory requirement, the existence of such a scheme provision would make it possible to suspend delegation where a situation is serious enough to warrant it; this would not normally relate to an individual pupil.

13.8 Interest on late payments

The terms of the scheme cannot affect statutory requirements now introduced on this matter, but local authorities may wish to include a reminder in their schemes.

13.9 Whistleblowing

Schemes should contain a provision requiring local authorities to set out in the scheme the procedure to be followed by persons working at a school or school

governors who wish to complain about financial management or financial propriety at the school, and how such complaints will be dealt with.

13.10 Child protection

The local authority should insert a provision explaining about the need to release staff to attend child protection case conferences and other related events, and whether the authority makes any payments to schools to help meet costs.

13.11 Redundancy and early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. If the local authority proposes to make local arrangements in accordance with the act, then the scheme should contain a provision setting out how this will work. Further guidance is provided at [Annex B](#).

14. Responsibility for repairs and maintenance

The scheme should include a statement showing the categories of work which governing bodies must expect to finance from their budget.

Local authorities should delegate funding for repairs and maintenance to schools; only capital expenditure is to be retained by authorities.

For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting.

Schemes should state any de minimis limit the local authority intends to use for the definition of capital and revenue in assigning responsibility for types of work. Where local authorities do use de minimis limits for what expenditure is treated as capital and what is revenue in their financial accounts, the same de minimis limits should be used in defining what is delegated.

Some local authorities may wish to consider whether the level of the de minimis limit they use in defining the capital and revenue split provides an appropriate fit between the level of revenue funding the local authority actually provides to schools for repairs and maintenance and the level of devolved capital the school receives.

For instance, a local authority may have a relatively high de minimis limit, above a school's current allocation of one or two years' devolved capital. But if the local authority does not supply adequate revenue funding to provide the realistic option of the school meeting large revenue repair costs, the school may, as a result have difficulty in addressing a need either through revenue (because there is not

enough) or through capital (because the works are defined as revenue). This might be resolved through lowering the de minimis limit.

For voluntary aided schools, the liability of the local authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools.

However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work, not the de minimis limit used by the local authority.

There is no obligation on local authorities to include a list of illustrative examples provided the way in which expenditure is treated as capital or non-capital is explained.

15. Community facilities

The scheme should contain an introductory section which describes the manner in which the scheme relates to the power to provide community facilities.

A specimen description is at [Annex C](#). This may be amended, but the end result should be that schools are clear how and why any use of the power is subject to the scheme provisions.

The scheme may have a provision which explains that mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget. This provision is discretionary because the power to suspend delegation, and the procedure to be used, arise from primary legislation, not the scheme itself.

15.1 Consultation with the local authority: financial aspects

Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the local authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their local authority.

However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.

15.2 Funding agreements: local authority powers

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

The scheme should include a provision describing the local authority's requirements in relation to funding agreements with third parties, as opposed to funding agreements with the authority itself.

The local authority may impose a requirement that any such proposed agreement should be submitted to the authority for its comments, and may impose a time requirement for doing so to give the authority adequate notice.

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

The Secretary of State does not consider that it is appropriate for local authorities to have a general power of veto for these agreements.

However, the scheme may remind schools that if an agreement has been or is to be concluded against the wishes of the local authority, or has been concluded without informing the authority, which in the view of the authority is seriously prejudicial to the interests of the school or the authority, that may constitute grounds for suspension of the right to a delegated budget.

15.3 Other prohibitions, restrictions and limitations

Although the scheme should not give a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power, the scheme may make provision for the local authority to require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned must make arrangements to protect the financial interests of the authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.

If the local authority has such a provision in its scheme it should operate it in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools.

The local authority may, if it wishes, propose other scheme provisions of that nature which they believe necessary. The restrictions should only be in existence if they are necessary to safeguard the financial position of the local authority or school, or to protect pupil welfare or education; such provisions should be as few in number as possible.

15.4 Supply of financial information

The scheme may contain a provision requiring schools which exercise the community facilities power to provide the local authority every 6 months with a summary statement, in a form determined by the authority, showing the income and expenditure for the school arising from the facilities in question for the previous 6 months and on an estimated basis, for the next 6 months.

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

Financial information relating to community facilities will be included in returns made by schools under the consistent financial reporting (CFR) framework, and these should be relied upon by local authorities as their main source of information for the financial aspects of community facilities.

However, the CFR timetable is such that local authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the local authority as to the financial reporting requirements arising from the funding in question.

15.5 Audit

The scheme should contain a provision which requires the school to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

The scheme should include a provision requiring schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the local 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.

15.6 Treatment of income and surpluses

The scheme should contain a provision which allows schools to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the local authority or some other person.

The scheme should contain a provision which allows the school to carry such retained net income over from one financial year to the next as a separate community facilities surplus.

15.7 Health and safety

The scheme should contain a provision which extends any health and safety provisions of the main scheme to the community facilities power.

The scheme should contain a provision which places on the governing body responsibility for the costs of securing Disclosure and Barring Service clearance, where appropriate for all adults involved in community activities taking place during the school day.

Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

15.8 Insurance

The scheme should include a provision which makes it clear that 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.

The scheme may require that the school seek the local authority's advice before finalising any insurance arrangement for community facilities.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

The scheme should include a provision which empowers the local authority to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

Such a provision is necessary in order for the local authority to protect itself against possible third-party claims.

Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.

15.9 Taxation

The scheme should contain a provision which makes it clear that schools should seek the advice of the local authority and the local VAT office on any issues relating

to the possible imposition of VAT on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

The scheme should contain a provision reminding schools that if any member of staff employed by the school or local 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 is likely to be held liable for payment of income tax and national insurance, in line with HMRC rules.

The scheme should contain a provision requiring schools to follow local authority advice in relation to the CIS where this is relevant to the exercise of the community facilities power.

15.10 Banking

The scheme should contain a provision setting out the requirements of the local authority as to the banking arrangements which schools should make in connection with the community facilities power.

The scheme may also contain provisions relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. The general approach to these matters should mirror those in the main part of the scheme.

16. Changes from Issue 13 of this guidance

We have made the following updates to reflect current policy positions and changes in legislation:

- Paragraph 1.1: Issue of the Statutory guidance changed – “issue 13” to “issue 14”

5.8 Borrowing by schools

The reference to the Salix Scheme has been removed, as this scheme has now closed.

17. Annex A: The funding framework main features

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

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget, although at a minimum a

local authority must appropriate its entire dedicated schools grant to its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, taken together, is all expenditure, direct and indirect, on a local authority's maintained schools except for capital and certain miscellaneous items.

Local authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under section 45A of the act (the centrally retained expenditure).

The amounts to be deducted for these purposes are decided by the local authority concerned, subject to any limits or conditions, including gaining the approval of their schools forum or the Secretary of State in certain instances, as prescribed by the Secretary of State.

The balance of the schools budget left after deduction of the centrally retained expenditure is termed the individual schools budget (ISB). Expenditure items in the non-schools education budget must be retained centrally, although earmarked allocations may be made to schools.

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school.

This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the local authority in accordance with section 48 of the act and regulations made under that section.

All proposals to revise the scheme must be approved by the schools forum, though the local authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under section 50 of the Act.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

A local authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme, or rules applied by the scheme, have

been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

A school's right to a delegated budget share may also be suspended for other reasons, under schedule 17 to the act.

Each local authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools; after each financial year the authority must publish a statement showing outturn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

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

18. Annex B: Responsibility for redundancy and early retirement costs

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

Section 37 of the 2002 Education Act says:

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

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

(6) The fact that the local authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by

reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).”

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

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

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

Charge of dismissal or resignation costs to delegated school budget:

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

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

- where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- where a school is closing, does not have sufficient balances to cover the costs and where the central schools budget does not have capacity to absorb the deficit
- where charging such costs to the school’s budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
- where a school is in special measures, does not have excess balances, and employment of the relevant staff is being or has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may be charged to the central school services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of retirement and redundancy charges agreed before 1 April 2013. Costs may not exceed the amount budgeted in the previous financial year.

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

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

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

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

Section 37 now states:

“(7) Where a local 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 local authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

(8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the 2 purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.”

19. Annex C: Application of schemes for financing schools to the community facilities power

Schools which choose to exercise the power conferred by section 27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its local authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under section 28(1), the main limitations and restrictions on the power will be those contained in the maintaining local authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools. This part of the scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the local authority and schools to secure the provision of adult and community learning.

20. Annex D: Earlier directed revisions

Following consultation that closed on 19 March 2012, the Secretary of State directs that from 1 April 2012 the text below should be incorporated into the schemes of all local authorities in England. The revised text was included in the 26 March 2013 version of the guidance.

Efficiency and value for money

The scheme must include the following provision, which imposes a requirement on schools to achieve efficiencies and value for money, to optimise their resources and invest in teaching and learning, taking into account the purchasing, tendering and contracting requirements.

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 local authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in 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

Schools financial value standard (SFVS)

All local authority maintained schools, including nursery schools and PRUs that have a delegated budget) must demonstrate compliance with the 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.

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.

Fraud

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

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

Following consultation, the Secretary of State directs that from 19 August 2015 the text below shall be incorporated into the schemes of all local authorities in England.

Register of business interests

The scheme must contain a provision which requires the governing body of each maintained school to have a register which lists for each member of the governing body and the head teacher:

- any business interests that they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the local authority, and to publish the register, for example on a publicly accessible website.

Borrowing by schools

The scheme should contain a provision reminding schools that governing bodies may borrow money (which includes the use of finance leases) only with the written

permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval.

Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England.

Loan schemes

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4) (d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

Submission of financial forecasts

Following consultation that closed on 30 September 2019, from the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

Following consultation that closed on 30 September 2019, the Secretary of State directs that the text below shall be incorporated into the schemes of all local authorities in England, however due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year.

Planning for deficit budgets

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2022.

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Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E01 Teaching Staff		
E01	1400	Teaching Staff Gross Pay
E01	1404	Teaching Staff National Insurance Contribution
E01	1405	Teaching Staff Pensions Contributions
E02 Supply Staff		
E02	1300	Supply Teaching Staff Gross Pay
E02	1304	Supply Teaching Staff National Insurance Contribution
E02	1305	Supply Teaching Staff Pensions Contributions
E03 Education Support Staff		
E03	1060	Nursery Assistants Staff Gross Pay
E03	1064	Nursery Assistants Staff National Insurance
E03	1065	Nursery Assistants Staff Pension Contributions
E03	1080	General Teaching Assistant Gross Pay
E03	1084	General Teaching Assistant National Insurance
E03	1085	General Teaching Assistant Pensions Contributions
E03	1260	Advanced Teaching Assistant Gross Pay
E03	1264	Advanced Teaching Assistant National Insurance
E03	1265	Advanced Teaching Assistant Pension Contributions

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E03	1620	Higher Level Teaching Assistant Gross Pay
E03	1624	Higher Level Teaching Assistant National Insurance
E03	1625	Higher Level Teaching Assistant Pensions
E03	1280	Other Teaching Support Staff Gross Pay
E03	1284	Other Teaching Support Staff National Insurance
E03	1285	Other Teaching Support Staff Pensions
E04	Premises Staff	
E04	1200	Premises Staff Gross Pay
E04	1204	Premises Staff National Insurance Contribution
E04	1205	Premises Staff Pensions Contributions
E05	Administrative and Clerical Staff	
E05	1100	Admin, Professional & Technical Staff Gross Pay
E05	1104	Admin, Professional & Technical National Insurance Contribution
E05	1105	Admin, Professional & Technical Staff Pensions Contributions
E06	Catering Staff	
E06	1500	Catering Staff Gross Pay
E06	1504	Catering Staff National Insurance Contribution
E06	1505	Catering Staff Pensions Contributions
E07	Other Staff	
E07	1240	Midday Supervisor Staff Gross Pay
E07	1244	Midday Supervisor Staff National Insurance Contribution
E07	1245	Midday Supervisor Staff Pensions Contributions
E07	1440	Other School Staff Gross Pay
E07	1444	Other School Staff National Insurance
E07	1445	Other School Staff Pensions

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E08 Indirect Employee Expenses		
E08	1407	Pensions Strain Costs
E08	1408	Redundancy Payments
E08	1714	Apprenticeship Levy
E08	2850	Volunteer & Governor Car Allowances and Expenses
E08	1984	Interview Expenses
E08	1985	Staff Advertising
E08	1995	Adult Free School Meals
E08	3810	Medical Fees
E09 Staff Development and Training		
E09	1970	Training
E10 Supply Teacher Insurance		
E10	1311	Supply Teacher Related Insurance Costs
E10	4385	De-delegated Staff related
E11 Staff Related Insurance		
E11	1312	Staff Related Insurance Costs
E11	1986	Employer Liability Insurance
E12 Building Maintenance and Improvements		
E12	2072	Responsive Maintenance (inc. MASS Structural)
E12	2091	Responsive Maintenance
E12	2055	Non-Structural Maintenance - Contractors
E12	2056	Survey, Professional and Other Fees
E12	2060	Non-Structural Maintenance - Materials

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E13 Grounds Maintenance and Improvement		
E13	2084	Grounds Maintenance inc Contractors/Traded
E14 Cleaning and Caretaking		
E14	2400	Cleaning Contracts & Supplies
E15 Water and Sewerage		
E15	2310	Water & Sewerage Charges
E16 Energy		
E16	2201	Fuel Oil
E16	2202	Electricity
E16	2203	Gas
E16	2204	Biomass
E17 Rates		
E17	2300	Rates (inc Council Tax)
E18 Other Occupation Costs		
E18	2250	Rent
E18	4140	Venue / Room Hire
E18	2251	Other Occupation Costs
E19 Learning Resources (not ICT)		
E19	3361	Schools Learning Resources Non ICT
E20 ICT Learning Resources		
E20	3422	Schools Learning Resources ICT

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E21		Exam Fees

E21	3830	Exam Fees
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E22	Administrative Supplies	
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E22	2550	Vehicle Parts / Maintenance
E22	2610	Other Direct Transport Costs
E22	2600	Fuel & Oil - Transport
E22	2750	Public Transport

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E22	2800	Car Allowances
E22	3000	Office Equipment inc Hire
E22	3029	Materials, Disposals & Domestic Supplies
E22	3035	Purchase of Furniture inc Delivery
E22	3700	Stationery
E22	3720	Photocopying
E22	4000	Postal Charges
E22	4022	Line Rental & Car Radios
E22	4023	Telephone Call charges
E22	4031	IT Hardware
E22	4100	Officer Subsistence
E22	4350	Public Notices & Campaigns (Inc Avertising)
E22	4390	Bank Charges
E22	2708	Transport of Meals
E22	3800	Other Hired & Contracted Services
E23 Other Insurance Premiums		
E23	4301	Contents Insurance Premium
E23	2087	Premises Insurance
E23	2900	General Vehicle Insurance Claims
E23	4302	Public Liability Insurance
E23	4387	De-delegated central contingencies
E24 Special Facilities		
E24	4410	School Special Facilities
E25 Catering Supplies		
E25	3230	Catering Equipment
E25	3500	Catering Provisions
E25	3550	Catering Contract
E25	3553	Entertainment and Refreshments
E25	3554	Catering Management Fee
E26 Agency Supply Staff		

Expenditure codes

CFR Ref	Subjective Code	CFR code structure wef 1st April 2022
E26	1991	Agency Staff
E27	Bought in Professional Services - Curriculum	
E27	3825	Professional Services Curriculum
E27	4386	Dedelegated professional services curriculum
E28a	Other Services Except PFI	
E28a	3826	Education Trading Services - Non-Curriculum School services
E28a	4384	Dedelegated professional services non-curriculum
E28b	Other Services PFI	
E28b		Subjective to be determined (if required) ?
E29	Loan Interest	
E29	4901	Interest on Debt
E30	Direct Revenue Financing (Revenue Contributions to Capital)	
E30	4905	Directorate Revenue Funding of Capital Expenditure
E31	Community Focused School Staff	
E31	1560	Community Focused Staff Gross Pay
E31	1564	Community Focused Staff National Insurance Contribution
E31	1565	Community Focused Staff Pensions Contributions
E32	Community Focused School Costs	
E32	2023	Community Focused Premises Costs
E32	3002	Community Focused Supplies & Services Costs



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Benchmarking Report Card

This is the Benchmarking Report Card for your school. It captures highlights of your school's spending and compares them with similar schools. The report card should be used to stimulate discussion within the school leadership team to discover where efficiencies can be made, to encourage the use of financial benchmarking, and to prompt more sharing of best practice among schools.

The report card compares your school with a small number of statistical neighbours, based on the characteristics of your school. The first column shows your school. The school in the second column is the statistical neighbour geographically closest to your school. The remaining schools are those most statistically similar based on your school's Free School Meal and SEN rates

The report card might, for example, prompt you to look at:

- Why are we spending more in a particular category than comparator schools? Could we be more efficient or do we have unique circumstances compared to those schools?
- What might we do to achieve the greatest efficiencies in that category?
- What can we learn by contacting the comparator schools?

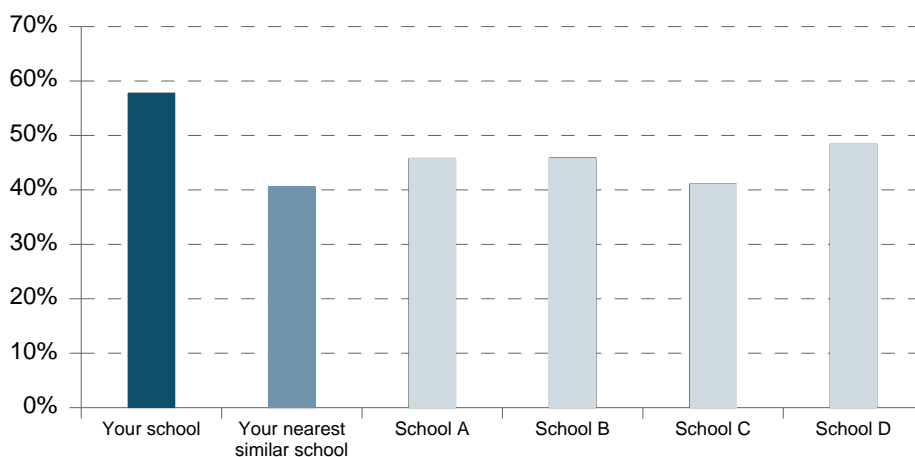
You can benchmark your school against any schools you like by using the schools financial benchmarking website at www.education.gov.uk/sfb (maintained schools) or www.education.gov.uk/afb (academies). You may also find it useful to share best practice with comparator schools.

We hope that you will go on to use some of the other efficiency tools that are already available at <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

Areas of interest for all schools

These charts identify areas that are likely to be relevant to all schools in ensuring they operate as efficiently as possible.

Teaching Staff (% of total expenditure)

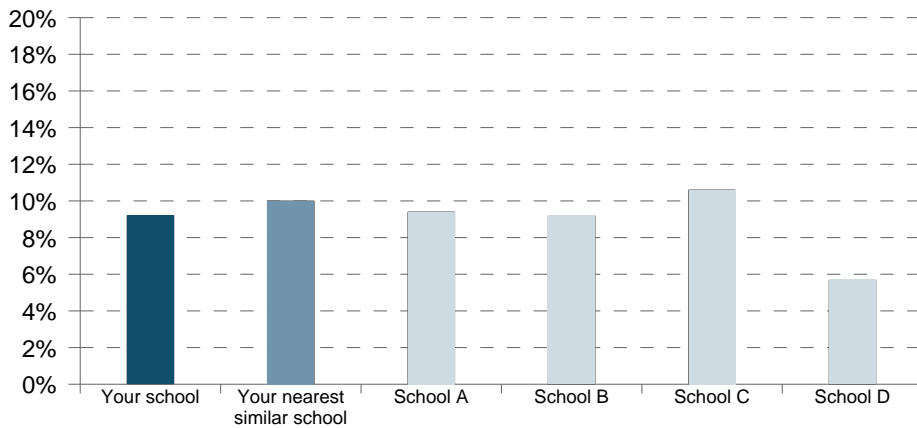


Your current expenditure on teaching staff is above the average for your comparison group by 11.2 percentage points.

There is some evidence that greater relative spend on teachers tends to be associated with higher attainment. Of course simply spending a greater proportion of a school budget on teaching does not guarantee results. The most efficient schools deploy their workforce effectively; taking care to review their staffing structures, focus on improving the quality of teaching and consider the best use of teachers' time.

Given that spending on teachers makes up the majority of school spending, it's especially important to make sure you're achieving the greatest efficiencies. The 'Efficiency Metric' tool will help with this: it provides schools with an indication of their efficiency, based on pupil attainment and the money used to achieve it, relative to statistically similar schools.

Back Office (% of total expenditure)

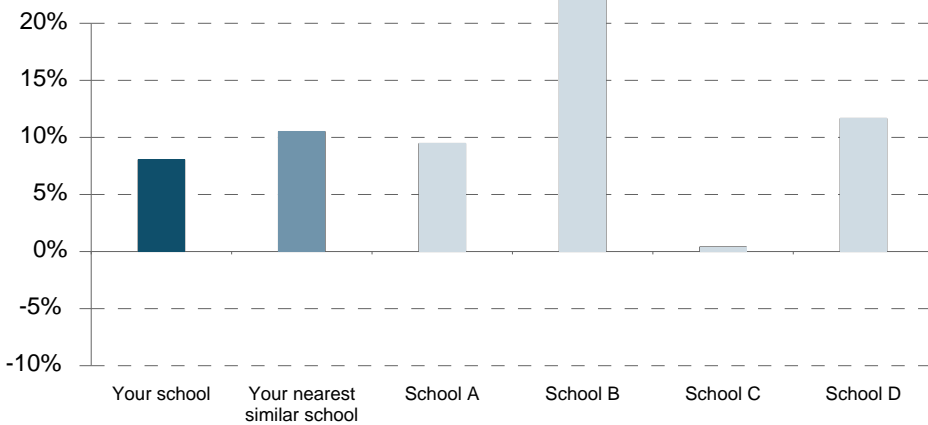


Your current expenditure on back office functions is above the average for your comparison group by 0.2 percentage points.

This category refers to spend on administrative and clerical staff, administrative supplies and bought-in services such as legal and auditor costs. Efficient schools seek to manage down back office costs as well as other non-teaching costs.

Efficiencies in back office expenditure could be made by upskilling staff, changing professional services supplier or reducing waste. Greater collaboration can also achieve greater efficiency and increase buying power. For more detail about collaborative procurement please visit <https://www.gov.uk/government/collections/buying-for-schools>

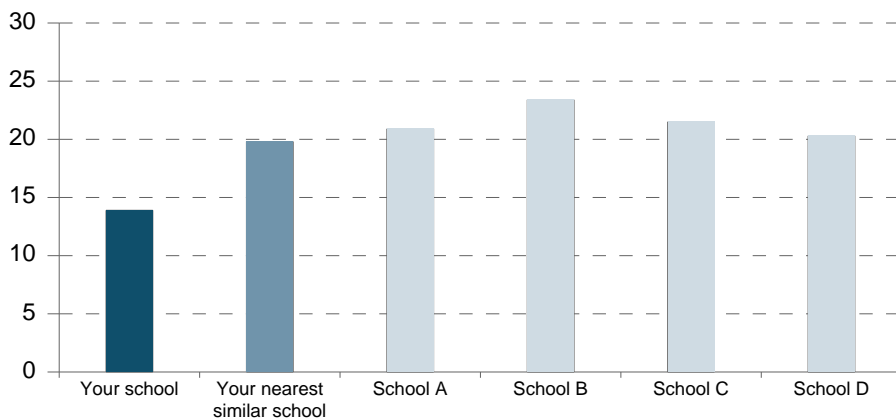
Revenue Balance



Your current revenue balance is below the average of your comparison group by 2.4 percentage points.

Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils.

Pupil Teacher Ratio



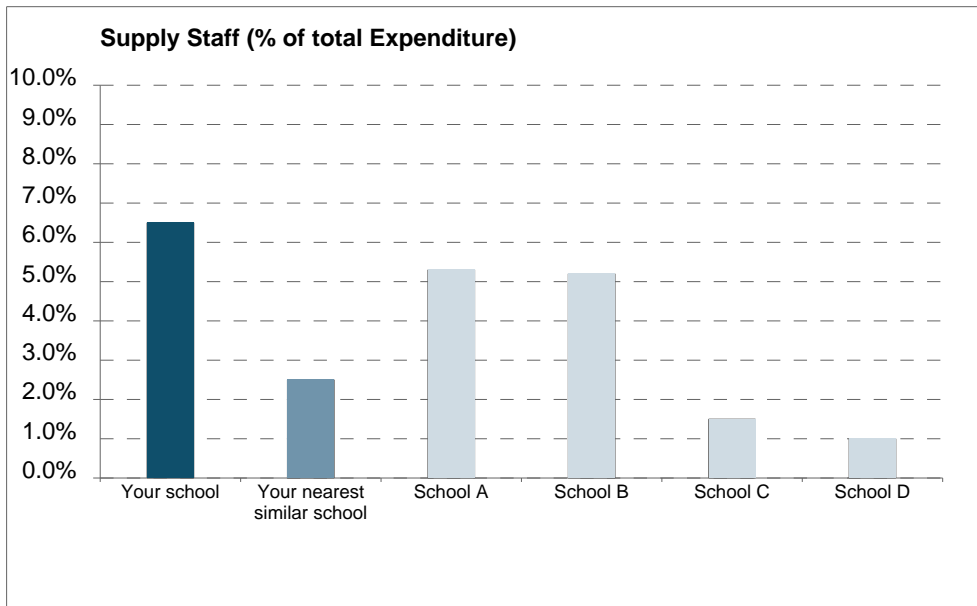
This graph shows the number of pupils to teachers. Schools will need to consider carefully whether they are getting the most impact out of their teaching staff.

Schools may also find it helpful to look at the Education Endowment Foundation's evidence on the impact of reducing class size (which is related to, but not identical to, PTRs):

<https://educationendowmentfoundation.org.uk/toolkit/toolkit-a-z/reducing-class-size>

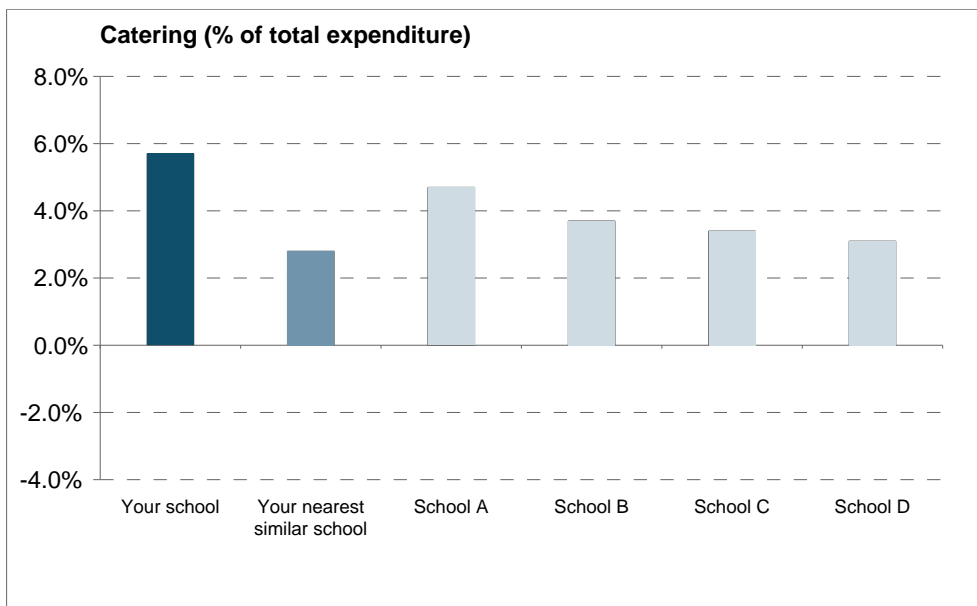
Areas of possible efficiency savings

The following two areas have been identified as ones where your school may be able to make efficiency savings. These are the expenditure categories where your expenditure is highest compared with the average of your comparison group.



Your current expenditure on supply staff is above the average for your comparison group by 2.8 percentage points.

Hiring supply staff is necessary in the case of absence of teaching staff. Efficiencies can be made depending on the method of employment of supply teachers.



Your current expenditure on catering is above the average for your comparison group by 1.8 percentage points.

Catering costs can vary depending on the existing facilities that schools have. If there are no in-house catering facilities then it can be more expensive to hire an external company.

See <https://www.gov.uk/government/collections/buying-for-schools> for further detail

Your comparator schools:

The following schools have been chosen on the basis that they have the most similar contextual information. The first comparator in the list is your school, the second is the closest school with similar SEN and FSM data, and the remaining schools are those of the same type with the most similar SEN and FSM data to yours.

School Name	LAESTAB	FSM %	SEN %	FTE Pupils	Distance in miles	Total spend per pupil (pounds)
Your school	9999999	30.9	27.5	236.5	N/A	9425
Your nearest similar school	9999991	34.3	27.9	488	8.0	6191
School A	9999992	31.1	27.3	368	156.8	4472
School B	9999993	30.8	26.9	26	83.6	9008
School C	9999994	30.5	28.1	302	160.7	4438
School D	9999995	30.8	28.2	304.5	92.6	4378

Schools financial value standard - checklist

Possible evidence list

Answer

Comments, evidence and proposed actions

A. Governance

1	In the view of the governing body and senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?	Q1 guidance		<ul style="list-style-type: none"> • Skills Audit – Governing Board & Schools Staff • List of Training Attended • Meeting Minutes – Governing Board & Finance/ Resources Committee • Financial Position of school reported to parents and to the community
2	Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?	Q2 guidance		<ul style="list-style-type: none"> • Finance/ Resources Committee Terms of Reference • Finance/ Resources Committee minutes • Termly Finance/ Resources Committee meetings • Completed Competency matrix for Chair & members • Scheme of Delegation (Annual review of Head Teachers delegated authority, which must also be stated in the school's Finance Policy)
3	Does the governing body receive clear and concise monitoring reports of the school's budget position at least six times a year?	Q3 guidance		<ul style="list-style-type: none"> • Budget Monitoring reports • Finance/ Resources Committee & Governing Board minutes <p><i>All staff should be aware of the annual budget and how finances are monitored.</i></p>
4	Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?	Q4 guidance		<ul style="list-style-type: none"> • Declarations of Interests – Governing Board and for all staff • Finance/ Resources Committee & Governing Board minutes <p><i>This should be on the agenda at the beginning of every GB meeting.</i></p>
5	Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, e.g. on sick leave?	Q5 guidance		<ul style="list-style-type: none"> • Staffing Structure & Job Descriptions • Cover arrangements for Finance staff • Schools Staff Skills Matrix • Identification of Training requirements

B. School strategy

6	Does the school have a realistic, sustainable and flexible financial strategy in place for at least the next 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?	Q6 guidance
7	Is the financial strategy integrated with the school's strategy for raising standards and attainment?	Q7 guidance
8	Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?	Q8 guidance

	<ul style="list-style-type: none"> • 3-year Budgets – Revenue & Capital • Annual Budget Setting Working Papers • Governing Board minutes
	<ul style="list-style-type: none"> • School Development Plan – with links to the budget • Annual Budget Setting Papers
	<ul style="list-style-type: none"> • Business Continuity Plan/Disaster Recovery Plan – with evidence of testing • Insurance Schedule – with evidence of annual review • Risk register • Asset register – with evidence of annual check • IT arrangements – computers backed up regularly, testing of restoration data • Cover arrangements for key staff

C. Setting the annual budget

9	Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?	Q9 guidance
10	Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?	Q10 guidance
11	Is the governing body realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?	Q11 guidance

	<ul style="list-style-type: none"> • Approved Annual Budget • Governing Board minutes evidencing discussion and approval • Annual Budget Setting Working Papers • Budget submitted to the LA on time
	<ul style="list-style-type: none"> • Budget Setting timetable taking into account Governing Board meetings • Governing Board minutes evidencing discussion and scrutiny
	<ul style="list-style-type: none"> • Census data • Budget Monitoring Reports • Annual Budget Setting reports • Governing Board minutes

12	Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do such variations result from explicitly planned changes or from genuinely unforeseeable circumstances?	Q12 guidance	<ul style="list-style-type: none"> • Budget Monitoring reports • Governing Board minutes discussing any variations and corrective action • Virement record • Year End Outturn report • CFR Report <p><i>Budget monitoring should be done monthly.</i></p>
13	Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?	Q13 guidance	<ul style="list-style-type: none"> • Surplus Balances Return • Year End Outturn • CFR Return • Annual Budget Submission • Annual Budget Setting Working Papers <p><i>Schools should have plans for any monies saved and plans for any surplus should be discussed at Governing Board meetings.</i></p>

D. Staffing

14	Does the school review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?	Q14 guidance	<ul style="list-style-type: none"> • Staff Structure – with responsibilities attached to each post • Governing Board minutes • Senior Leadership Team minutes
15	Has the use of professional independent advice informed part of the pay decision process in relation to the head teacher and is it tightly correlated to strong educational outcomes and sound financial management?	Q15 guidance	<ul style="list-style-type: none"> • Appraisal/Performance Management Policy • Link to Career stage expectations (if implemented by the school) • Advice sought from HR provider or an independent Consultant (confirmation of email or phone conversation) • Advice noted in decisions of pay committee
16	Does the school benchmark the size of its senior leadership team annually against that of similar schools?	Q16 guidance	<ul style="list-style-type: none"> • Benchmarking Report <ul style="list-style-type: none"> ▪ DfE Schools Financial Benchmarking website www.education.gov.uk/sfb/ ▪ DfE Performance Tables website www.education.gov.uk/schools/performance/ • Analysis of Benchmarking • Governing Board minutes

E. Value for money

17	Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?	Q17 guidance
18	Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	Q18 guidance
19	Is the governing body given the opportunity to challenge the school's plans for replacing contracts for goods and services that are due to expire shortly?	Q19 guidance
20	Does the School consider collaboration with others, e.g. on sharing staff or joint purchasing, where that would improve value for money?	Q20 guidance
21	Do you compare your non-staff expenditure against the DfE recommended national deals to ensure you are achieving best value?	Q21 guidance
22	Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?	Q22 guidance

	<ul style="list-style-type: none"> • Benchmarking Report <ul style="list-style-type: none"> ▪ DfE Schools Financial Benchmarking website www.education.gov.uk/sfb/ ▪ DfE Performance Tables website www.education.gov.uk/schools/performance/ • Analysis of Benchmarking • Governing Board minutes • Senior Leadership Team minutes <p><i>Benchmarking should be done regularly, especially during the annual budget setting process and where contracts are up for renewal.</i></p>
	<ul style="list-style-type: none"> • Financial Procedures – Procurement protocol • Adoption of Schools Financial Regulations • Scheme of Delegation <p><i>Everyone involved in buying and spending decisions should be aware of the basic procurement procedures.</i></p>
	<ul style="list-style-type: none"> • Financial Procedures – Procurement protocol • Adoption of Schools Financial Regulations • Scheme of Delegation <p><i>Everyone involved in buying and spending decisions should be aware of the basic procurement procedures.</i></p>
	<ul style="list-style-type: none"> • Brent Procurement service • Evidence of Collaboration agreements • Annual Budget Setting Working Papers • Governing Board minutes
	<ul style="list-style-type: none"> • DfE's 'Deals for Schools' https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school
	<ul style="list-style-type: none"> • Asset register • Statutory Building Inspections • Premises Committee minutes <p><i>All schools should have a maintenance program looking forward for at least 3 years, reviewed annually.</i></p>

23	Is the governing body sure that there are no outstanding matters from audit reports, internal audit reports or from previous consideration of weaknesses by the governing body?	Q23 guidance
24	Are there adequate arrangements in place to manage conflicts of interest or any related party transactions?	Q24 guidance
25	Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers? (Please note any instance of fraud or theft detected in the last 12 months)	Q25 guidance
26	Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?	Q26 guidance
27	Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?	Q27 guidance
28	Does the school have adequate arrangements for audit of voluntary funds?	Q28 guidance

	<ul style="list-style-type: none"> • Internal Audit Report • Governing Board & Finance/ Resources Committee minutes • Evidence of monitor and review of recommendations
	<ul style="list-style-type: none"> • Declarations of Interests – Governing Board and for all staff • Detailed Declaration / related party transaction register • Finance/ Resources Committee & Governing Board minutes <p><i>This should be on the agenda at the beginning of every GB meeting.</i></p>
	<ul style="list-style-type: none"> • Financial Procedures Manual • Written Log of instances of fraud or theft detected • Whistleblowing Policy • Declarations of Interest • Division of Duties in processes • Invoice authorisation procedure is robust • Marking of equipment • Review of inventory items
	<ul style="list-style-type: none"> • Whistleblowing Policy • Governing Board minutes • Memo/newsletters/emails to staff informing or reminding them of Whistleblowing Policy
	<ul style="list-style-type: none"> • Details of accounting system used – e.g. SMS FMS • Internal Audit Reports - assurance that the accounting system is being used correctly • CFR report – system produced
	<ul style="list-style-type: none"> • Audit Certificate – annual • Governing Board minutes – choosing auditor, reviewing accounts • Independent Auditor

G. SFVS dashboard

29	Have the results of the dashboard been carefully considered and potential follow-up actions identified?	Q29 guidance
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- Governing Board minutes evidencing discussions
- List of follow-up actions