

SCHEME FOR FINANCING SCHOOLS

December 2025

Status of this version

This scheme was updated with statutory guidance for local authorities issued in April 2025, by the DfE. This document will be updated at least annually and more frequently if necessary. All changes will be approved by the Schools Forum before release. It supersedes all previous versions. Reference to the Local Authority (LA) refers to the **London Borough of Croydon**.

Action	Date
Schools Forum Approval	
Email to Maintained Schools Headteachers, Governors and other stakeholders.	

- Issued April 2025. Taken from issue 16 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](#).

Supporting documentation

The scheme refers to “*local financial documentation on Finance Matters*”. The details of this documentation and its location is described in Annex A

INDEX

1. Introduction

1.1	The funding framework	6
1.2	The role of the scheme	7
1.2.1	Application of the scheme to the Authority and maintained schools	7
1.3	Publication of the scheme	7
1.4	Revision of the scheme	7
1.5	Delegation of powers to the head teacher	7
1.6	Maintenance of schools	8

2. Financial controls

2.1.	Application of financial controls to schools	9
2.1.1	Provision of financial information and reports	9
2.1.2	Payment of salaries; payment of bills	9
2.1.3	Control of assets	9
2.1.4	Accounting policies (including year-end procedures)	9
2.1.5	Writing off of debts	9
2.2	Basis of accounting	9
2.3	Submission of budget plans	10
2.3.1	Submission of Financial Forecasts	10
2.4	Efficiency and value for money	10
2.5	Virement	11
2.6	Audit: general	11
2.7	Separate external audits	11
2.8	Audit of voluntary and private funds	11
2.9	Register of business interests	11
2.10	Purchasing, tendering and contracting requirements	12
2.11	Application of contracts to schools	12
2.12	Central funds and earmarking	13
2.13	Spending for the purposes of the school	13
2.14	Capital spending from budget shares	13
2.15	Notice of concern	13
2.16	Schools Financial Value Standard (SFVS)	14
2.17	Fraud	15

3 Instalments of budget share; banking arrangements

3.1	Budget share instalments	16
3.2	Proportion of budget share payable at each instalment	16
3.3	Interest clawback	16
3.3.1	Interest on late budget share payments	16
3.4	Budget shares for closing schools	16
3.5	Bank and building society accounts	16
3.5.1	Restrictions on accounts	16
3.5.3	Closing of Old Bank Account	17
3.6	Borrowing by schools	18

3.7	Procurement Cards	18
3.8	Other provisions	19
4 The treatment of surpluses and deficit balances arising in relation to budget shares		
4.1	Right to carry forward surplus balances	20
4.2	Reporting on the intended use of surplus balances	20
	4.2a. Controls on surplus balances	20
	4.2b. Specific purposes permitted by the LA	21
4.3	Interest on surplus balances	21
4.4	Obligation to carry forward deficit balances	21
4.5	Planning for deficit budgets	21
4.6	Charging of interest on deficit balances	21
4.7	Writing off deficits	22
4.8	Balances of closing and replacement schools	22
4.9	Licensed deficits	22
4.10	Loan schemes	23
4.10.1	Loans to Schools	23
4.10.2	Cash advances to schools	23
4.10.3	Credit union approach	23
5 Incomes		
5.1	Income from lettings	24
5.2	Income from fees and charges	24
5.3	Income from fund raising activities	24
5.4	Income from the sale of assets	24
5.5	Administrative procedures for the collection of income	24
5.6	Purposes for which income may be used	24
6 The charging of school budget shares		
6.1	General provision	25
6.2	Circumstances in which charges may be made	25
7 Taxation		
7.1	Value Added Tax	27
7.2	Construction Industry Taxation Scheme (CITS)	27
8 The provision of services and facilities by the LA		
8.1	Provision of services from centrally retained budgets	28
8.2	Provision of services bought back from the LA using delegated budgets	28
8.2.1	Packaging	28
8.3	Service level agreements	28
8.3.3	Octavo	29
8.4	Teachers Pensions	29
9 PFI clauses		
9.1	Private Finance Initiative (PFI)/Public Private Partnerships (PPP)	30
10 Insurance		
10.1	Insurance cover	30
10.2	Risk Protection Agreement (RPA)	30

11 Miscellaneous

11.1	Right of access to information	31
11.2	Liability of governors	31
11.3	Governors' expenses	31
11.4	Responsibility for legal costs	31
11.5	Health and safety	31
11.6	Right of attendance for Chief Finance Officer	31
11.6.1	Delegation to new school	32
11.6.2	Optional delegated funding	32
11.7	Special educational needs	32
11.8	Interest on late payments	32
11.9	'Whistleblowing'	32
11.10	Child protection	32
11.11	Redundancy/early retirement costs	32

12 Responsibility for repairs and maintenance

12.1-2	Categories of work	33
12.3	Provision for non-capital funding for kitchens and kitchen equipment	33

13 Community Facilities

13.1-7	Community facilities	34
13.8-9	Supply of financial information	35
13.10	Audit	36
13.11	Treatment of income and surpluses	36
13.12-13	Health and safety	36
13.14-15	Insurance	36
13.16-18	Taxation	37
13.19-22	Banking	37

ANNEX A -	Local financial documentation	38
ANNEX B -	Responsibility for redundancy and early retirement costs	39
ANNEX C -	Community Facilities	42
ANNEX D -	List of schools covered by the scheme	43
ANNEX E -	List of approved banks and building societies	44
ANNEX F -	Responsibility for repairs and maintenance	45
ANNEX G -	DSG Blocks 2025/26	50
ANNEX H -	Licensed Deficit Application Proforma	52
ANNEX I -	Cash Advance Proforma	54
ANNEX J -	Access for Schools to Make Online Payments by Bankline	55
ANNEX K -	List of services available for schools through LA	79
ANNEX L -	Procurement Cards for Schools	80
ANNEX M -	Useful Information	85

SECTION 1: INTRODUCTION

1.1 The funding framework

This is issue 16 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](#) (SSAF Act 1998 or the Act).

1.1.1 Under this legislation, local authorities determine for themselves the size of their Schools Budget and LA Budget – although at a minimum a LA must allocate its entire Dedicated Schools Grant to its Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on a LA's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the LA concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LA budget must be retained centrally (although earmarked allocations may be made to schools).

1.1.2 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, (a flow diagram is on Annex G for how Croydon's allocation is calculated) This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the LA in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must also be approved by the Secretary of State, who has power to modify schemes or impose one.

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

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

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

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

1.2 The role of the scheme

The scheme sets out the financial relationship between Croydon Council (LA) and the maintained schools that it funds. It contains requirements relating to financial management and associated issues, binding on both the LA and schools. Annex A *local financial documentation on Finance Matters* lists other documents which will be made available by Croydon Council which will support the requirements of the Scheme and also provide additional advice and information.

1.2.1 Application of the scheme to the LA and maintained schools

The scheme applies in respect of all community, nursery, voluntary, foundation (including trust), community special or foundation special schools and PRU maintained by the LA (whether they are situated in the area of the authority or situated elsewhere). A list of schools to which the scheme applies is at Annex D (This may be subject to change during the year).

1.3 Publication of the scheme

The scheme will be maintained on the Croydon Council web site (<https://www.croydon.gov.uk/education/schools-new/general-info/monitoring/croydon-schools-finance>) together with other supporting documentation. Headteachers and governors will be alerted to any significant revisions via an email to the school. Where supporting documentation is referred to in the scheme, then this or links will be found in the same area of the Finance Matters. See Annex A - *local financial documentation on Finance Matters*.

1.4 Revision of the scheme

Any proposed revision to the scheme shall be subject to consultation, through the Schools Forum. In situations, where the approval, is not granted by the Forum, the LA may seek approval from the Secretary of State.

1.5 Delegation of powers to the head teacher

The governing body of each school should consider the extent to which it wishes to delegate its financial powers to the head teacher and should record its decision (and any revisions) in the minutes of the governing body. Such decisions by the governing body will be subject to any requirements of regulations to be made under s.38 of the SSAF Act 1998, and Schedule 11 thereto and in Annex A - *local financial documentation on Finance Matters*.

The Headteacher in conjunction with some governors will develop a draft budget plan. This draft budget plan may be approved by a committee of the Governing Body

although the production of the first formal budget plan of each financial year must be approved by the full governing body

1.6 Maintenance of schools

Croydon Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining these (except in the case of a voluntary school where some of the expenses are, by statute, payable by the governing body); Part of the way an LA maintains schools is through the funding system put in place under sections 45 to 53 of the Act.

SECTION 2: FINANCIAL CONTROLS

2.1 Application of financial controls to schools

Governing bodies are responsible for establishing and maintaining sound systems of financial and management control which will ensure economy of operation and effective internal control, including appropriate provision for the division of duties and the efficient use of resources within the school. (This applies to the management of the school's private funds as well as public funds.)

In the management of their budgets, schools must abide by Croydon Council's requirements on financial controls and monitoring as contained in the *Annex A - local financial documentation on Finance Matters*.

2.1.1 Provision of financial information and reports

Schools must provide the LA with the reports and returns on anticipated and actual income and expenditure in a form and at times determined by the LA. Details will be as specified in the *Annex A - local financial documentation on Finance Matters*. Submission of such details will not be required more often than once every 3 months except those connected with tax or banking reconciliation – *unless the LA has notified the school in writing that in its view the school's financial position requires more frequent submission or where the school is in its first year of operation or in its last two years of operation, or has approval to set a deficit budget.*

2.1.2 Payment of salaries; payment of bills

Details of any administrative arrangements and procedures for the payment of salaries and bills which require special action will be documented and circulated to schools as required in the local financial documentation on Finance Matters.

2.1.3 Control of assets

Each school must maintain an inventory of its moveable non-capital assets and have an authorisation procedure for the disposal of assets. For assets worth more than £1,000, the form and detail required will be specified in *Annex A - local financial documentation on Finance Matters*.

2.1.4 Accounting policies

Schools must abide by procedures issued by Croydon Council regarding accounting policies and year end procedures as laid out in *Annex A - local financial documentation on Finance Matters*.

2.1.5 Writing off debts

Governing bodies are authorised to make arrangements to write off debts provided the guidance in *Annex A - local financial documentation on Finance Matters* is followed.

2.2 Basis of accounting

2.2.1 The returns to the LA must be based on the "income and expenditure" (accruals) accountancy convention. This convention requires that expenditure incurred but not paid for in an accounting period is brought into account as a creditor and income due for which no cash has been received is brought into account as a

debtor. Notwithstanding the above requirement for financial returns, each school is free to choose the accounting convention for its internal accounting purposes, i.e. “income and expenditure” or “receipts and payments” otherwise known as cash accounting.

2.2.2 Schools are allowed to use any accounting/finance software they wish, provided they can produce the information required by the LA. And in the case where the software could not, schools will have to meet any costs of modification needed to provide output required by the LA.

2.3 Submission of budget plans

Governing bodies are responsible for agreeing an income and expenditure plan (budget) for the coming financial year. The approved signed plan must be submitted to Croydon Council by 1st May, in a format specified by the LA. In preparing their plans, schools should take full account of estimated deficits/surpluses at the end of the previous financial year but will need to submit a revised plan if the actual deficit/surplus is significantly different. Schools are requested to forward informal plans in an electronic format specified by Croydon Council by 31st March. Schools may be required to submit revised plans during the year, but such requests shall not exceed once in every 3 months, unless schools have set a deficit budget.

2.3.1 Submission of Financial Forecasts

Croydon Council may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. The plan shall be based on a simplified Consistent Financial Reporting (CFR) structure and should be made available to the LA by the end of June in the first period of the multi-year period or the end of May where the school has balances potentially in excess of the 4% or 6% limit as described in paragraph 4.2.a below. Further details of format and timing will be found in *Annex A - local financial documentation on Finance Matters*.

2.3.2 If the projections indicate a deficit balance in any of the multi-year budgets, then a short commentary will be required by the school describing the action to be taken to restore a balanced position. The LA may request further information and/or suggest actions the school could take if the commentary is considered to be insufficient. If the projections indicate an excessive balance in any of the multi-year budgets, then a short commentary will be required by the school describing the action to be taken to bring the balance back to a more reasonable level.

2.4 Efficiency and value for money

At all times, 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 headteachers 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’s important for schools to review their current expenditure, compare it to other schools, and ensure they are operating in the most efficient manner.

2.5 Virement

Schools may vire freely between budget heads in the expenditure of their budget shares but governing bodies are advised to establish criteria for virements and financial limits above which the approval of the governing body is required. When virements are of a significant level, as determined by the governing body, a revised income and expenditure plan should be submitted to the LA.

2.6 Audit: General

Schools are subject to the audit regime determined by Croydon Council as regards internal and external audit and are required to co-operate with such audit regimes. The Corporate Director of Resources (who is also the S151 Officer) have a statutory duty to maintain an effective and efficient internal audit of financial transactions of schools. In fulfilment of that function, schools are required to cooperate with the Corporate Director of Resources and/or his/her authorised representative access to:

- I. enter at all reasonable times any school premises
- II. relevant records and documents for examination,
- III. receive such explanations considered by him/her as necessary in respect of any matters under investigation
- IV. any person holding or controlling cash or any LA funded property to provide such items.

Governing bodies shall address the recommendations in any audit report within the agreed timescales.

2.7 Separate external audits

Notwithstanding the above, governing bodies may provide, from their budget shares, funds for external audit certification of accounts. Such provision will be separate from and additional to Croydon Council's internal and external audit.

2.8 Audit of voluntary and private funds

Governing Bodies are required to make satisfactory arrangements for the audit of voluntary and private funds and the accounts must bear the certificate of a suitably qualified independent auditor. Any trading organisations operated by schools must also comply with this Regulation. Further information is available in *Annex A - local financial documentation on Finance Matters*. Croydon Council have the right to request a copy of the audited accounts and to assure itself that public funds are not being misused. The Consistent Financial Reporting framework requires that private funds under the control of the governing body be included.

2.9 Register of business interests

Governing bodies shall maintain a register which lists for each member of the governing body, the head teacher and budget holders, any business interests they or any member of their immediate family have; details of any other educational establishments that they govern and any relationships between school staff and members of the governing body. The register is to be kept up to date with changes being made as they occur and by means of an annual review of entries. The register must be available for inspection by governors, staff, parents and the LA and the

register should be published, for example on a publicly accessible website. Further information is available in *Annex A - local financial documentation on Finance Matters*

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by Croydon Council's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account Croydon Council's policies and procedures. Schools are advised to:

- I. Gain three quotations should be obtained for expenditure above £10,000 up to £60,000.
- II. For all purchases above £60,000 four tenders should be sought.
- III. For tenders expected to exceed UK thresholds, schools must comply with UK procurement requirements¹.
- IV. There is no requirement to seek LA officer counter signature for any contract for goods or services.
- V. Not do anything incompatible with any of the provisions of the Scheme, or any statutory provision, or any UK procurement directive
- VI. Schools may seek advice on a range of compliant procured deals via Buying for schools on the DfE website².

The artificial disaggregation or aggregation of orders to avoid procurement requirements should be always avoided.

In addition, governing bodies shall determine procedures that should include processes for:

- securing quotations
- placing orders
- keeping records
- other appropriate incidental matters

These should be included within the schools own "Financial policy and procedures" document produced in accordance with the Croydon financial documentation on Finance Matters (see Annex A)

2.11 Application of contracts to schools

Schools have the right to opt out of Croydon Council's arranged contracts except where the scheme provides otherwise.

The scheme may provide otherwise for:

- I. contracts which schools have agreed to be covered by in respect of services for which funding was delegated by the authority prior to 1 April 1999;
- II. contracts which schools agree to be covered by in respect of services for which funding is or was delegated by the authority after 1 April 1999; and
- III. certain contracts listed in the scheme as approved by the Secretary of State for services for which funding has been delegated after 1 April 1999,

¹ [Procurement Policy Note 11/23 – New Thresholds \(HTML\) - GOV.UK](#)

² [Buying for schools - GOV.UK](#)

irrespective of the agreement of schools (a so-called 'locking-in' provision) 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 Croydon Council as maintainer of the school and the owner of the funds in the budget share. (This is the main reason for allowing LAs to require LA counter-signature of contracts exceeding a certain value). Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

Croydon Council may make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations will 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, of course, where the funding is supported by a specific grant which Croydon Council itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share. Earmarked (devolved) funds must be spent only for the purposes for which it was given and should be returned to the LA if not spent in-year or within the period over which schools are allowed to use the funding, if different. Croydon is not able to make any deduction, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

Governing bodies are allowed to spend budget shares for the purposes of the school, subject to regulations made by the Secretary of State and any provisions in the scheme. By virtue of section 50(3)(A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

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

2.14 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. Where the premises are owned by Croydon Council or the school has voluntary controlled status, then the governing body shall seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds. If a school's proposed capital expenditure in any one year exceeds £20,000 the advice of the LA must be sought as to the merits of the proposed expenditure. These requirements would not affect expenditure from any capital

allocation made available by Croydon Council outside the delegated budget share.

2.15 Notice of concern

Croydon Council may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Corporate Director of Resources and the Corporate Director Children, Young People and Education, 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 LA 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:

- I. insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- II. insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- III. 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 LA;
- IV. insisting on regular financial monitoring meetings at the school attended by LA officers;
- V. requiring a governing body to buy into an external provider's financial management and advisory services; and
- VI. imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

2.15.1 The notice will clearly state what financial concerns the LA has with the school and actions it requires from the school to put it right and the time by which such requirements must be complied with in order for the notice to be withdrawn.

Where the governing body does not comply with the notice, Croydon Council may impose further conditions including withdrawal of financial delegation.

When the LA is satisfied that sufficient actions have taken place to ensure that the original area of concern has now been eliminated then Croydon Council will issue a notice withdrawing the original notice.

If there is a dispute between a school and Croydon Council then an appeal will be made to the Chair of the Schools Forum who will convene a hearing to include the Corporate Director Children, Young People and Education, the Chair of the Schools Forum and one other member of the Schools Forum from a different category than the Chair. (i.e. primary/secondary, governor/Headteacher).

2.16 Schools Financial Value Standard (SFVS)

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

Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis.

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.***

It is for the school to determine at what time in the year they wish to complete the form. Governors must demonstrate compliance through the submission of the SFVS assessment form approved by the Full Governing Body and signed by the Chair of Governors. All maintained schools with a delegated budget must submit the form to the local authority before 31st March and annually thereafter.

2.17 Fraud

It is the responsibility of the head teacher and the governors to have a robust system of controls to safeguard the schools against fraudulent or improper use of public money and assets and to regularly review the controls in place. The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This must also be included in induction for new school staff and governors.

There needs to be a requirement for:

- a Whistleblowing Policy – in line with Public Interest Disclosure Act and also SFVS.
- Any suspected fraud / theft / corruption / maladministration to be notified in writing to the Council's Head of Governance

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

Croydon Council has adopted the CIPFA Code of Practice for Treasury Management in Local Authorities.

3.1 Budget share instalments

Schools shall receive their budget share termly in advance in three set weeks: 4th working week in August, for the Autumn term, 4th working week in January for the Winter term and 3rd working week in April for the Summer term. Providers of Early Education (schools, private, voluntary and independent sectors) will continue to be paid on the 22nd day of the month when payment is due to them, except where these dates fall on a weekend, then they will then be paid the Friday before these dates.

3.2 Proportion of budget share payable at each instalment

Schools shall receive their delegated budget share funding in advance in the following order 5/12th for the Summer term on April 4/12th for the Autumn Term in August and 3/12th for the Spring Term in December. Appropriate adjustments to the allocations will be made where the budget share of the school changes during the financial year. Closing and opening schools will receive their delegated budget share in proportions to match their respective timetable of closing or opening.

3.3 Interest claw back

The LA will make no deduction to cover the estimated interest lost by the Council in making available the budget share in advance from budget share instalments provided at the normal time.

3.3.1 Interest on late budget share payments

The LA will make all reasonable efforts to ensure that budget shares are paid in accordance with the timelines shown in paragraph 3.2 above. There may be the odd occasions where payments may be made later than expected, but this will be kept to a minimum. In these rare instances, the LA will not be charged any interest for late payment.

3.4 Budget share for closing schools

Budget shares of schools for which approval for discontinuation has been secured will be available monthly between approval and closure.

3.5 Banking and building society accounts

Schools may have bank accounts for budget share purposes which are in the name of the school but noting the overriding interest of the LA. Otherwise, maintained schools can only have bank accounts where the LA have arrangements negotiated with certain banks whereby the accounts are in the name of the LA but specific to each school.

Irrespective of whether schools LA banking facilities or not, maintained schools will be bound by regulations issued from time to time by the Corporate Director of Resources.

All arrangements with the Council's bankers shall be made by the Corporate Director of Resources. In most cases, it is anticipated that all schools will continue to operate their own bank accounts.

3.5.1 Restrictions on accounts

Schools may only operate their own bank/building society accounts with the banks and building societies listed in Annex E. If a school wishes to use a bank/building society that is not on the list, the Corporate Director of Resources permission must be sought. Schools that have bank accounts with other banks prior to 1 April 2001 will be allowed to retain these accounts although if these are then closed, a bank from the list in Annex E must be chosen.

3.5.2 The following conditions apply to schools' bank accounts:

- I. Bank accounts may only be opened in the name of the school, and the Corporate Director of Resources must be informed of the title of all accounts opened by the school
- II. interest received on account balances will be retained by the school
- III. the school's budget share will be paid into a nominated bank account, in the instalments detailed above: schools may only change the nominated bank account with effect from the commencement of a financial year
- IV. bank overdrafts or loans are not permitted without the express written permission of the Secretary of State.

If a school has an account for budget share purposes, in the name of the school, then the account mandate should provide that the LA is the owner of the funds in the account (s.49 (5) 1998 act), that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.

It is anticipated that signatories for bank accounts would be employees of the school and would not include governors unless they are also employees of the school. The school will also not use debit cards or in any other way bypass the requirement for two signatories for any transaction, although the use of some procurement cards is allowed see section 3.7 below.

3.5.3 Closing of Old Bank Account

Where a maintained school converts to an academy the school will need to close out the "old school's" bank account and ensure that all the transactions relating to the new academy school are processed through the new school bank account. In order to close an account, the bank will require a written instruction on the school's letter headed paper signed in accordance with the existing bank mandate. Any balances that remain on the account will be transferred to the new school bank account; the bank will require the details of the new bank account details in order to carry out that instruction. The instruction should be sent straight to the RBS Customer Service Team (CST) for processing, detailed below:

They can be reached by

Email: publicsectorandcharities@natwest.com

Telephone: 0345 835 1215

Address:
Bolton CSC
Parklands
De Havilland Way
Horwich
Bolton
BL6 4YU

3.6 Borrowing by schools

Governing bodies may only borrow money (which includes the use of leases) on behalf of their school when they have 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. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent. The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the [IFRS16 Maintained Schools Finance Lease Class Consent 2024](#). Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of 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.

3.6.1 Schools are not permitted to use credit cards and overdraft as this is a form of borrowing. The use of some procurement cards, issued by the Local Authority, is permitted provided schools take note of LA guidance contained in the *Annex A - local financial documentation on Finance Matters*. This restriction does not apply to Trustees and Foundations, whose borrowing, as private bodies makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the authority when repaying loans.

3.6.2 This provision does not apply to loan schemes run by the authority (see section 4.10).

3.7 Procurement Cards

Schools are advised to follow the Procedures set out in Annex L in for the use of Procurement Cards (Pcard). To apply for a Pcard schools should contact RBS for the latest version of the forms: [onecard | Royal Bank of Scotland](#)

3.7.1 The form should be completed and signed by two of the authorised signatories

on the RBS account and returned to RBS directly. Where schools do not bank with Natwest/RBS they should submit their completed forms to the LA to be signed by an authorised signatory within Croydon Council.

3.8 Other provisions

Schools are advised to follow any advice re banking arrangements which may be contained in *Annex A - local financial documentation on Finance Matters*

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

4.1 The right to carry forward surplus balances

Schools may carry forward any surplus balance from one financial year to the next plus or minus accumulated balances brought forward from previous years. The amount of a surplus balance would be shown in the CFR returns as well as in the relevant out-turn statement and any commitments if any against the figure under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009.

4.2 Reporting on the intended use of surplus balances

In order that the LA may monitor balances, when submitting budget plans in accordance with paragraph 2.3 above, schools shall report to Croydon Council on the intended use of surplus balances. Schools must take note of Croydon Council's guidance contained in *Annex A - local financial documentation on Finance Matters*

4.2. a Controls on surplus balances

Surplus balances held by schools, as permitted under this scheme, are subject to the following restrictions. Schools shall provide to Croydon Council, by 31st May each year the surplus balance, if any, held by each school as at the preceding 31st March. For this purpose, the balance will be of the total revenue balance.

- I. the Local Authority (LA) shall classify, from the balance information provided by the school, any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent grant for the previous financial year that was only received in the last 3 months of the previous financial year. This should be added to B01(Committed Revenue Balances) as defined in the CFR Framework.
- II. the Local Authority (LA) shall then classify any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA as listed at paragraph 4.2b below, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of Croydon Council. This should also be added to B01 (committed revenue balances); [the last provision is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely].
- III. all other balances will be allocated to B02 (uncommitted revenue balances) as defined in the Consistent Financial Reporting Framework;
- IV. the Local Authority shall then propose to deduct from the current year's budget share an amount equal to the excess balance as declared in B02. (Note this calculation should only apply to B02 if all allowable deductions

have been correctly assigned to B01). This step will only be taken after full consultation with the school and examination of a school's spending plans and allowance up to the maxima of 4% for secondary schools and 6% for nursery/primary/special schools.

4.2.2 Funds deriving from sources other than the LA will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise. Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the LA. The total of any amounts deducted from schools' budget shares by the LA under this provision are to be applied to the Schools Budget of the LA.

4.2b Specific purposes permitted by the LA

Croydon Council expects that any carry-forward balance is linked to either the school improvement plan or other official documentation such as the budget plan, governor minutes or similar and has the full agreement of the governing body. Croydon Council will also consider other specific circumstances, which are not covered below, by written notification to the Corporate Director Children, Young People and Education. The LA will need to be assured that proper consideration has been given to improving standards within the school.

4.2.3 As stated in section 4.2b. The LA shall take into considerations, items such as commitments and other agreed planned expenditure to be deducted from a surplus balance in the calculation of the limit on school balances. Unless otherwise stated it is expected that the planned actions would take place within the next two financial years. The revenue contribution to any specific building project, either for repair or to improve the existing establishment. This may be linked to projects listed in the LA capital scheme. The school budget plan should detail any earmarked expenditure/project and a timetable for completion. This plan should be submitted to the LA by the date specified.

4.3 Interest on surplus balances

Where Croydon Council holds surplus balances of individual schools then interest may be payable as described in the *local financial documentation on Finance Matters*.

4.4 Obligation to carry forward deficit balances

Schools must carry forward any deficit balances from one financial year to the next plus or minus accumulated balances brought forward from previous years. Where the school uses the LA bank arrangement then the deficit may be deducted from the following year's budget share.

4.5 Planning for deficit budgets

Schools should not plan for a deficit budget, unless the criteria indicated in paragraph 4.9 are met. Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year.

4.6 Charging of interest on deficit balances

If a school requests an advance in their funding in order to avoid going into a cash

deficit in their bank, then the school may be charged interest on the outstanding amount at the Bank of England base rate at the time when the payment was due. These interest charges will be charged at the end of each quarter. An advance must be requested using the form in **Annex I**.

4.7 Writing off deficits

Croydon Council cannot write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

This section has been updated to reflect changes on balances of closing schools as detailed under Regulations 25(9). 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, Croydon Council 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.

4.9 Licensed deficits

4.9.1 In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there:

- is a significant unforeseen decrease in pupil numbers
- is a significant over-projection in pupil numbers.
- are extreme circumstances that could not be foreseen or catered for by the school

4.9.2 The school must agree an action plan with the LA (authorisation from the Corporate Director of Resources) in order that a deficit budget can be set at the end of a specified period. Full details will be contained in the Croydon financial documentation on Finance Matters (see Annex A and Annex H). The maximum size of any deficit that may be agreed will be 20% of the school's budget share and the minimum is £10,000. The maximum proportion of the collective balances held by the LA that will be used to back the arrangement will not exceed 40%.

4.9.3 The plan to put the school back into surplus must not exceed three years, and in exceptional circumstances may be extended to five years. Balances held by a school in an external bank account remain the property of Croydon Council and may be taken into account in assessing the overall level of loan, which it might wish to make to the school. However, the view of the school is sought if the LA should take it into account in this way, so as to provide assurance for both LA and the school.

4.9.4 Under the *deficit scheme* the only effect on the budget and out-turn statement 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 (usually one year), because the school has constrained its expenditure to effect the repayment. No 'payment' to the school is recorded. In the *case of loans*, a cash advance is awarded to the school to help it meet its commitment during the difficult period.

4.9.5 The LA may fund a licenced deficit of a school over the duration of the period specified for the deficit to be repaid (in accordance with paragraph 4.3 above). Such deficit funding will be subject to an agreement (the agreement) between the LA and the governing body of the maintain school. Such funds will be from the surplus balances of other maintain schools budget share. Where this is the case, interests may be charged on balances outstanding at the end of each term (or any other regular period as may be specified) in accordance with the agreement.

4.9.6. If the school decides to convert to an academy in the future, the deficit funding balance will be required to be either repaid in full or transferred to the academy as part of the conversion process. A full repayment plan must be set out in the initial business case and agreed to prior to any funds being advanced. If the schools' performance differs to the business plan, the deficit funding may be withdrawn.

4.10 Loan schemes

4.10.1 Loans to schools

The LA may enter a loan arrangement with schools where there is deemed to be a specific financial need. The school must submit a business case for the loan to the Director of Education. If the loan is approved the school will submit a termly progress report to the Director of Education and will be available to meet LA staff as required. If the school decides to convert to an academy in the future, the loan balance will be required to be either repaid in full or transferred to the academy as part of the conversion process. A full repayment plan must be set out in the initial business case and agreed to prior to any funds being advanced. If the schools' performance differs to the business plan, the loan may be withdrawn. Balances held by a school in an external bank account remains the property of Croydon Council and may be considered to use some or all of it, to back up the loan.

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.

4.10.2 Cash Advances to schools

Croydon Council may consider a change in the termly payments profile for cash advances to aid individual schools' cash-flow, but this will not extend across the change of a financial year. A cash advance request should be submitted detailing how the advance will be repaid within the financial year. (see Annex I on Cash Advance Proforma). Balances held by a school in an external bank account remains the property of Croydon Council and may be taken into account to use some or all of it, to back up the cash advance loan.

4.10.3 Credit union approach

Schools that may wish to group together to utilise externally held balances for a credit union approach to loans must seek guidance from the LA for minimum requirements regarding audit certification and other financial matters.

SECTION 5: INCOME

5.1 Income from lettings

Schools shall retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools may cross-subsidise income from lettings for community and voluntary use with income from lettings for other purposes provided that there is no net cost to the budget share and its educational achievement. Schools should have regard to the directions issued by Croydon Council as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools. Income from lettings should not normally be payable into voluntary or private funds held by the school.

5.2 Income from fees and charges

All income received in respect of fees and charges, except where a service is provided by Croydon Council from centrally retained funds, will be retained by the school and applied for the purposes of the school and recorded in the accounts for public funds. Schools should have regard to any policy statement on charging produced by the LA.

5.3 Income from fund raising activities

All income received in respect of fund-raising will be retained by the school and applied for the purposes of the school and recorded in the accounts for public funds.

5.4 Income from the sale of assets

All income received in respect of the sale of assets purchased from delegated funds will be retained by the school and applied for the purposes of the school and recorded in the accounts for public funds. Schools should not attempt to sell either assets that were purchased with non-delegated funds or where the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

5.5 Administrative procedures for the collection of income

Governing Bodies are responsible for charging and accounting for VAT on income and advice on VAT matters is detailed in the *local financial documentation on Finance Matters*. All arrangements for the collection of income should meet the overriding requirement of the regulations concerning financial controls.

5.6 Purposes for which income may be used

Any income from the sale of assets purchased with delegated funds may only be spent for the purpose of the school.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school may be charged by Croydon Council without the consent of the governing body as described in 6.2 below: The LA shall consult school(s) as to the intention to so charge and notify school(s) when it has been done. Croydon Council will not act unreasonably in the exercise of any power given by the scheme. Croydon Council shall charge salaries of school-based staff to school budget shares at actual cost.

6.2 Circumstances in which charges may be made

- I. Where premature retirement costs have been incurred without the prior written agreement of Croydon Council, to bear such costs (the amount chargeable being only the excess over any amount agreed by Croydon Council).
- II. Other expenditure incurred to secure resignations where the school had not followed LA advice.
- III. Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice
- IV. Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA 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.
- V. Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status.
- VI. Expenditure incurred by the LA in ensuring 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 LA.
- VII. 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 LA.
- VIII. Recovery of penalties imposed on the LA by the HM Revenue and Customs, Teachers Pensions Agency, the Environmental Agency or regulatory authorities as a result of school negligence and/or past commitments.
- IX. Correction of LA errors in calculating charges to a budget share (e.g. pension deductions).
- X. Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- XI. Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11).

- XII. Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training not carried out.
- XIII. 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.
- XIV. Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the LA's compliance with its statutory obligations.
- XV. Costs incurred by the LA in securing provision specified in an Education Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- XVI. Costs incurred by the LA due to submission by the school of incorrect data.
- XVII. Recovery of amounts spent from specific grants on ineligible purposes.
- XVIII. Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
- XIX. Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- XX. Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admissions appeals has been delegated to all schools as part of their formula allocation.

SECTION 7: TAXATION

7.1 Value Added Tax

HM Revenue and Customs (HMRC) guidance and the terms and conditions of the 1994 VAT Act, stipulate that VAT incurred by the schools when spending any funding made available by the LA is treated as being incurred by the LA and as such can be reclaimed by the LA. 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. See also section 13 – community facilities. The procedure that schools should follow in order to be able to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity is detailed in the *local financial documentation on Finance Matters*. This describes how schools should send returns on a monthly basis to the LA so that the input tax recovered by HMRC is then returned to schools on a monthly basis.

7.2 Construction Industry Scheme (CIS)

Schools should abide by procedures issued by the LA in relation to CIS. This information will be contained in the *local financial documentation on Finance Matters*.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE LA

8.1 Provision of services from centrally retained budgets

Croydon Council will determine the basis on which services from centrally retained funds will be provided to schools. The LA will not discriminate in its provision of services on the basis of school categories except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties. For the purposes of this scheme, "Premature retirement compensation" and redundancy payments are included as services.

8.2 Provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LA is limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. Contracts for supply of catering services can be extended to five and seven years respectively. A service provided by the Council for which expenditure cannot be retained centrally by the LA under the regulations made under section 45A of the Act, must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.2.1 Packaging

All services which the LA is providing on a buyback basis will be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this would include provision on a service-by-service basis as well as in packages of services.

8.3 Service level agreements

All services provided by the Local Authority directly, shall be procured by schools through the Brokered Services Team and can be contacted directly at educationenquiries@croydon.gov.uk. As of 1 April 2016, Brokered Services will not include Payroll. (see Annex K List of services available for schools through LA). There will be service level agreements, detailing the standards and terms of services on offer. Details of the terms of agreement of services will be made available to schools no later than one month before the start of the agreement.

8.3.1. 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.

8.3.2. Croydon Council, appointed agents and/or trading subsidiary, shall ensure that schools are given the choice of standard fixed term contract, extended agreement and ad-hoc basis. It should be noted that the rate of charging may be different and will be

decided by the Local Authority or its appointed agents and / or trading subsidiary, at times of contract. In this section, the term ‘services’ includes premature retirement costs and redundancy payments but excludes centrally arranged premises and liability insurance.

8.3.3 Octavo

Octavo is the trading vehicle of Croydon Council for delivering services to schools. It offers a range of services the full range can be viewed and procured through the Octavo website. <https://www.octavopartnership.org/>

8.4 Teachers’ Pensions

Where governing bodies of schools provide payroll services, they must submit an annual return of salary and service to the LA. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the appropriate organisation within the time limit shown in the AVC scheme.

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

- I. 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 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 LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. Croydon Council shall advise schools each year of the timing, format and specification of the information required and will be contained in the Croydon financial documentation on Finance Matters (see Annex A). The governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to Croydon Council within the limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.
- II. A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The LA will advise schools each year of the timing, format and specification of the information required from each school. This information will be contained in the local financial documentation on Finance Matters. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.

SECTION 9: PFI CLAUSE

9.1 Private finance initiative (PFI)/public private partnerships (PPP)

Croydon Council has the power to issue regulations from time to time relating to PFI/PPP projects. This information will be contained in the *local financial documentation on Finance Matters*. This includes the formal power of Croydon Council to charge to the school's budget share amounts agreed under a PFI/PPP agreement entered into by the governing body of a school, as well as the ability to instruct on issues that 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.

SECTION 10: INSURANCE

10.1 Insurance cover

All schools receive delegated funding for insurance and are thus required to demonstrate that the cover relevant to Croydon Council's insurable interests is provided, by the school. The policy arranged by the school, will be at least as good as the relevant minimum cover, if arranged by Croydon Council from either central funds or from contributions from schools' delegated budgets.

Croydon Council shall take into consideration, the actual risks, which might reasonably be expected to arise at the individual school level, when considering insurance cover. (see also 6.2 (vi) above).

Guideline cover levels are contained in the *local financial documentation on Finance Matters*.

10.2 Risk Protection Agreement (RPA)

Alternatively, 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 after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. Alternatively, the LA can assist schools that wish to join the RPA collectively by agreeing through Schools Forum to de-delegate funding for all primary and/or secondary maintained schools

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Governing bodies are required to supply all information which might reasonably be required to enable Croydon Council to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the LA (e.g. earmarked funds) on the school. This particularly applies to the need to agree end of year accounts. Required information will be contained in the *local financial documentation on Finance Matters*.

11.2 Liability of governors

As a corporate body, under the terms of s.50(7) of the SSAF Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share, provided they act in good faith. (An example of behaviour which is not in good faith is the carrying out of fraudulent acts.)

11.3 Governors' expenses

Under s.19 of the Education Act 2002, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share: payment of any other allowances is not permitted.

Schools are not permitted to pay expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

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

11.4 Responsibility for legal costs

Legal cost incurred by the governors in the course of their duties, shall be charged to the schools' budget share, except where they act in accordance with Croydon Council's advice, then it may be chargeable to the LA.

Where there is a conflict of interest between Croydon Council and a governing body (i.e. the governing body is acting contrary to the advice of the LA or the LA's legal advisers), the governing body may be advised to seek independent legal advice, and the cost of such advice shall come from the delegated school's budget.

11.5 Health and safety

In expending the school's budget share, governing bodies will have due regard to duties placed on the LA in relation to health and safety, and Croydon Council's policy on health and safety matters in the management of the budget share.

11.6 Right of attendance for Corporate Director of Resources

The Corporate Director of Resources, or his/her nominee, may attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The Corporate Director of Resources or his/her nominee's attendance will normally be limited to items which relate to issues of probity or overall financial management; such attendance should not be regarded as routine. Croydon Council will give prior notice of such attendance unless this is impracticable.

11.6.1 Delegation to new schools

Croydon Council may delegate some spending powers to the temporary governing body of a new school before it has a delegated budget. The LA will decide in each individual case whether and to what extent to exercise this power. The LA may delegate selectively and optionally to the governing bodies of schools that have yet to receive delegated budgets.

11.6.2 Optional delegated funding

Schools wishing to exercise an option to receive delegated funding which is optional must do so by the end of the preceding autumn term.

11.7 Special Educational Needs

Schools are reminded of the statutory requirements to use their best endeavours in spending their budget share to secure appropriate SEN provision. In exceptional circumstances, where funds earmarked for special education needs are not used for this purpose, Croydon Council may suspend delegation.

11.8 Interest on late payments

Schools are reminded of the statutory requirements relating to the timely payment of goods and services. Further information is to be found in the *local financial documentation on Finance Matters*.

11.9 'Whistleblowing'

Persons working at a school or school governors who wish to complain about financial propriety at the school are asked to follow the London Borough of Croydon Whistle Blowing Procedure for schools. To report something anonymously under the Whistleblowing Policy, you can contact Focus, the council's confidential reporting line on **0800 525967**. Alternatively, you can contact the Council's Monitoring Officer (Solicitor to the Council).

11.10 Child protection

Appropriate staff should be released by schools to attend child protection case conferences and other related events. The cost for this shall be borne by the school through its delegated funding.

11.11 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided at Annex B.

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SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Categories of work

Annex F sets out the categories of work which governing bodies must expect to finance from their budgets.

12.2 Funding for repairs and maintenance is delegated to schools. Some capital expenditure is retained by Croydon Council. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by Croydon Council for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. The de minimis limit for the definition of capital in terms of what is the responsibility of schools is as follows:

- I. Nursery and PRUs £5k,
- II. Primary and special schools £10k,
- III. Secondary £25k

For voluntary aided schools, the liability of the LA 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.

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 LA.

12.3 Provision for noncapital funding for kitchens and kitchen equipment

The LA has delegated funding for meals to all schools and funds are not held centrally for the repair and maintenance of kitchens and kitchen equipment.

SECTION 13: APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER

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

Under s.28(1), the main limitations and restrictions on such power will be those contained in Croydon Council's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

1a The budget share of a school may not be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities.

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

The provision mentioned at 13.2 is discretionary because the power to suspend delegation, and the procedure to be used, arise from primary legislation, not the scheme itself.

13.3 Consultation with the 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.

13.4 Croydon Council's requirements in relation to funding agreements with third parties (as opposed to funding agreements with the LA itself) are described in the *local financial documentation on Finance Matters*. This will describe the requirement that any such proposed agreement should be submitted to the LA for its comments; and may impose a time requirement for doing so to give the LA adequate notice. However, Croydon Council do not have the right of veto such agreements, either directly or

through requiring a right to countersign the agreement. If the third party requires Croydon Council consent to the agreement for it to proceed, such a requirement and the method by which Croydon Council consent is to be signified is a matter for that third party, not for the scheme.

13.5 The Secretary of State does not consider that it is appropriate for LAs to have a general power of veto for these agreements. However, if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the LA is seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the right to a delegated budget.

13.6 In some instances, in order to protect the financial interests of LA, the LA might insist that the facilities should be run through a limited liability company and/or by obtaining indemnity insurance for risks associated with the project. These requirements are described in the *local financial documentation on Finance Matters*. This provision will operate in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

13.7 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 LA may, if it wishes, propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the LA's scheme, the Secretary of State will adopt a principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of Croydon Council or school, or to protect pupil welfare or education.

13.8 Supply of Financial Information

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 LAs as their main source of information for the financial aspects of community facilities. However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share).

13.8.1 Schools are required to provide financial performance returns for the facilities every six months. The report should include the actual financial information for the previous 6 months as well as on an estimated basis, for the next six months. This means there will be a rolling 12 months' worth of financial information at any given time. The time and month that his report is required will be communicated to schools at the beginning of the agreement. These requirements are described in the *local financial documentation on Finance Matters*.

13.9 If Croydon Council 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, then it will take the following action. It will give notice to the school that it will require such financial statements to be supplied every three months and, if the LA

sees fit, to require the submission of a recovery plan for the activity in question. These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the LA as to the financial reporting requirements arising from the funding in question.

13.10 Audit

The school should grant access to its records in connection with the exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure. In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools are required, to ensure that such agreements contain adequate provision for access by the LA 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 LA to satisfy itself as to the propriety of expenditure on the facilities in question.

13.11 Treatment of income and surpluses

Schools are able to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be Croydon Council or some other person. Schools can carry forward such retained net income from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of Croydon Council at the end of each financial year, transfer all or part of it to the budget share balance.

13.11.1 Where the school is a community or community special school, and the LA ceases to maintain the school; any accumulated retained income obtained from exercise of the community facilities power reverts to the LA unless otherwise agreed with a funding provider.

13.11.2 If there is a deficit on community facilities and the LA needs to recover funds to meet third party liabilities it may only do so from any accumulated community facilities surplus. If this is insufficient the LA will have to meet the liabilities from its own resources. This arises from the provision of s.51A of the School Standards and Framework Act 1998 (inserted by paragraph 4 of Schedule 3 to the Education Act 2002), which provides that such liabilities are part of the expenses of maintaining the school; may be recovered from the governing body but the expenditure incurred by the governing body in the exercise of the community facilities power may not be met from the budget share unless such a purpose is prescribed by regulations made under s.50(3)(b) of the 1998 Act.

13.12 Health and safety matters

Any health and safety provisions of the main scheme are extended to the community facilities power.

13.13 The governing body is responsible for the costs of securing Disclosure and Barring Service (DBS) clearance 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.

13.14 Insurance

The governing body has the responsibility to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school is strongly recommended to seek the LA's advice before finalising any insurance arrangement for community facilities.

13.14.1 In principle, the insurance issues arising from the use of the community facilities power are the same as those which already arise from non-school use of school premises. 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.

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

13.16 Taxation

Schools should seek the advice of Croydon Council and the HMRC on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the application to the Croydon Council VAT reclaim facility.

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

13.18 Schools should follow Croydon Council's advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.19 Banking

Croydon Council allows schools to use one bank account for budget share and community facilities, with adequate controls to identify and account for use of each fund and not to use delegated funds to subsidise community facilities. The council preference however would be for schools to have a separate bank account for community facilities purpose.

13.20 Where a school decides to have a separate bank account, the signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters, shall mirror those in the main part of this scheme. The mandate shall include a provision, showing Croydon Council as the owner of the funds in the account.

13.21 Schools shall not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by Croydon Council, where they are a maintained school.

13.22 Croydon Council allows schools to use Online Banking. The process allows for undertaking online payments and the checking and reconciliation of account balances. The online banking facility is available to maintained schools who bank within the LA's banking arrangements (i.e. Schools within the Council's "Schools Group"). The process is included in Annex J – Access for Schools to Make Online Payments by Bankline

ANNEX A

Local financial documentation on Finance Matters

The Scheme refers in many places to further information contained on "local financial documentation on Finance Matters". The majority of this is held on the public Croydon Council website. This site is being developed further and any sections unavailable currently can be requested directly from the schools' annex A finance team by emailing SCHOOLS.FINANCE@croydon.gov.uk.

The link to the relevant part of the Croydon website is:
[Financial regulations and procedures | Croydon Intranet](#)

ANNEX B

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

B1. Introduction

B1.1 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.

B1.2 This guidance is intended to be used in conjunction with the HR policy of the Council. The Local authority is responsible for organising redundancy, premature retirement and severance; however, the Education Act 2002 places the responsibility of each course of action on the Governing bodies working with the local authority.

B1.3 Schools intending to reduce their staffing establishment, through redundancy, premature retirement or severance should consult with the Executive Director Children Families and Education and his/her HR advisers. They are required to put a business case in writing, stating the benefit of their action and the risk to the authority, including exploring alternatives to dismissal, to give a balance view.

B2 Premature Retirement

B2.1 Section 37 (4) of the 2002 Education Act states that "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 delegated 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 ". In situations where the school have insufficient funds, the local authority may elect to meet the cost.

B2.2 The School shall fund the employer's cost of premature retirement of its employee aged between 55 and 67 (59 for teachers) that has been made redundant or through ill health. In some cases, costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal, then the authority can appeal to the Secretary of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.

B3 Redundancy

B3.1 Section 37 (5) of the 2002 Education Act states that "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".

B3.2 Section 37(6) went further to emphasise that “The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of Section 37(5) above; 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). “

B3.3 Good reason that may be proffered, where the cost will not come from the centrally held funds, but from the school's delegated are (please note that this is not exhaustive):

- I. If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- II. If a school is otherwise acting outside the local authority's policy
- III. 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.
- IV. Where staffing reductions arise from a deficit caused by factors within the school's control
- V. Where the school has exceeded surplus balances and no agreed plan to use these
- VI. Where a school has refused to engage with the Local Authority's redeployment policy
- VII. Charge of premature retirement costs to Local Authority's non-schools' budget

B4. Severance

B4.1 As in Section 37 (5) of the 2002 Education Act above, any severance in a school or schools as a result of reorganisation and efficiency will come from the centrally held funds.

B5. Others

B5.1 Section 37 (7) states, “Where a local education authority incurs costs—

- (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
- (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.”

B5.2 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.

B5.3 The Education Act 2002 37(9) explained that where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

B6. Payments

B6.1 In each situation, payments shall be in line with the council's policy and relevant statute, any divergent views, shall be met from the school's delegated budget.

ANNEX C

APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER

C1. Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

C2. However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

C3. Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

C4. This part of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

ANNEX D

D1. SCHOOLS COVERED BY THE SCHEME (Subject to change during the year)

D1.1 The Scheme for Financing Schools covers all the LA's maintained schools

School number	School	School number	School
1000	Crosfield Nursery	5200	Selsdon Primary
1002	Purley Nursery	5403	Thomas More RC
1003	Tunstall Nursery	7000	Bensham Manor
1004	Thornton Heath Nursery	7001	St Giles
1005	Selhurst Nursery	7005	St-Nicholas
2003	Beulah Juniors	7006	Red Gates
2012	Elmwood Juniors		
2014	Elmwood Infants		
2020	Howard Primary		
2033	Purley Oaks Primary		
2050	Winterbourne Junior Girls		
2051	Winterbourne Infants		
2062	Beaumont Primary		
2065	Gresham Primary		
2067	Smitham Primary		
2068	Hayes Primary		
2084	Forestdale Primary		
2090	Heavers Farm Primary		
2093	Downsview Primary		
2094	Park Hill Infants		
2098	Greenvale Primary		
2102	Rockmount Primary		
2105	Norbury Manor Primary		
2107	Ridgeway Primary		
3000	All Saints Juniors		
3003	Saint John's CE Primary		
3300	Coulsdon (CE) Primary		
3301	Christ Church CE Primary		
3401	Saint Joseph's RC Juniors		
3404	Margaret Roper RC Primary		
3412	Saint Joseph's RC Infants		
4600	Arch. Tenison's CofE High		
4702	Saint Mary's High		

ANNEX E

LIST OF APPROVED BANKS AND BUILDING SOCIETIES

1. Royal Bank of Scotland PLC
2. National Westminster Bank PLC
3. Lloyds Bank PLC
4. HBOS PLC Group (Bank of Scotland PLC & Halifax PLC)
5. HSBC PLC

Please note that the following banks are **not currently** on the Councils approved list

1. Bank of Ireland
2. Barclays
3. Nationwide Building Society
4. TSB PLC

ANNEX F

RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

F1. This schedule indicates the maintenance responsibilities in respect of Community and Foundation Schools. From financial year 2020 to 2021, voluntary aided (VA) schools will be under the same capital maintenance funding mechanisms as other schools for SCA. VA Governing Bodies are now responsible for all capital works to buildings. LAs are responsible only for playing fields and buildings on these fields related to their use.

ELEMENT	CAPITAL: LA to fund if monies are available and subject to prioritisation schedule	REVENUE: SCHOOLS to fund
Roofs		
Flat	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial parts of an existing structure to prevent imminent or correct actual major failure of the structure	Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed
	Screed / insulation in a new building/extension	Repair/replacement of screed/ insulation where defective.
	Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair/ replace small areas of roof.
	Finish on new build. Replacement of all/substantially all on existing roof	Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy
	Edge Trim/ Fascia on new build	Repairs/ replacement. Repainting.
	Edge Trim/ Fascia, Replacement of all/substantially all on existing roof	Repairs/ replacement. Repainting.
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes
	Other e.g. flashings, Roof lights on new build. Replacement of all/substantially all on existing roof	Repair/replacement/cleaning of individual items
Pitched	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged
	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting

	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
	Drainage. Replacement of all/substantially all on existing roof	
	Other e.g. flashings, roof windows in a new building/ extension, replacement of all/substantially all on existing roof	Repair/ replacement/ cleaning
Other	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link	
	Add porch etc. to existing building	Minor repairs, maintenance to existing
	Rebuild or substantially repair structure of existing porch	
Ground Floor	Structure and DPC in new building	Repair/replacement of small parts of an existing structure
	Structure and DPC – Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats and mat wells. Maintenance e.g. re-varnishing wooden floors.
Upper Floor	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement as ground floor
Ceilings		
Top/ only storey	Suspension	Repair/ replacement incl. from water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
Lower storeys	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
All	Specialist removal/ replacement of damaged/ disturbed asbestos-based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
External walls		
Masonry/ cladding	Structure Underpinning/ propping for new build	Repairs Preventive measures e.g. tree removal
	External Finish on new build	Repair/replacement of small parts of an existing structure. e.g. re-pointing/ re-cladding a proportion of a wall where failure has occurred.
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building/replacement build	

Windows and Doors	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration, to include cleaning down and preparation.
Masonry chimneys	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
Internal Walls		
Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
Doors & Screens	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
All	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
Sanitary Services		
Lavatories	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.
Kitchens	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA Cleaning out drainage systems Redecoration
	Major refurbishment	Repairs and minor improvements
	Large and costly items of equipment	Repairs/ replacement parts
Mechanical services		
Heating/ hot water	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house Plant, replacement of defective parts. Regular cleaning.

	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Energy saving projects – Monitoring systems -- <i>Since 2017/18 the Council has been undertaking the asbestos management, re-inspection and refurbishment and demolition survey (prior to any intrusive work being undertaken for community/foundation schools).</i>
	Planned replacement of old boiler/ controls systems past the end of their useful life. Emergency replacement of boiler plant/system	Health & safety issues – <i>any asbestos removal the school arranges should follow HSE guidance and appropriate air testing</i> Replacement of defective parts.
Cold water	Provision of cold-water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold-water tanks.
Gas	Distribution of new and major refurbishments, terminal units	Repairs, maintenance and gas safety All servicing
Ventilation	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and Units
Other	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
Electrical services		
General	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. Repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards <i>Most of these are now old in community schools and possibly do not meet the current Building Regulations. Through the maintenance plan for 2020-21, the Council has planned to replace switchgear and distribution boards in some schools. If the replacement of switchgear and distribution boards are not identified on the Council's maintenance programme, schools should carry out the necessary repairs/replacement in line with current Building Regulation requirements</i>	All testing, earthing and bonding to meet Health & Safety. All servicing.

Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
Lighting	Provision of luminaries and emergency lighting. <i>Most of these are now old in community schools and possibly do not meet the current Building Regulations. Through the maintenance plan for 2020-21, the Council has planned to replace the luminaries in some schools. If replacement of luminaries is not identified on the Council's maintenance programme, schools should carry out the necessary repairs/replacement in line with current Building Regulation requirements</i> <i>Emergency lighting – yet again for some schools this may be covered through the current fire safety programme. If not, schools should ensure any replacements should be in line with current Building Regulation requirements</i>	Replacement of luminaries, all testing, adjustments and improvements to emergency lighting.
Other	Lightning protection in new build	Repair/ replacement
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
External Works		
Pavings	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
Miscs	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
Drainage	Provisional new drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
Open air pools	Structure, Hygiene/ safety in new build	<i>Hygiene, cleaning, maintenance and repairs, including replacement parts.</i> <i>Simple energy saving systems.</i>

ANNEX G – DSG Blocks & NFF formula factors

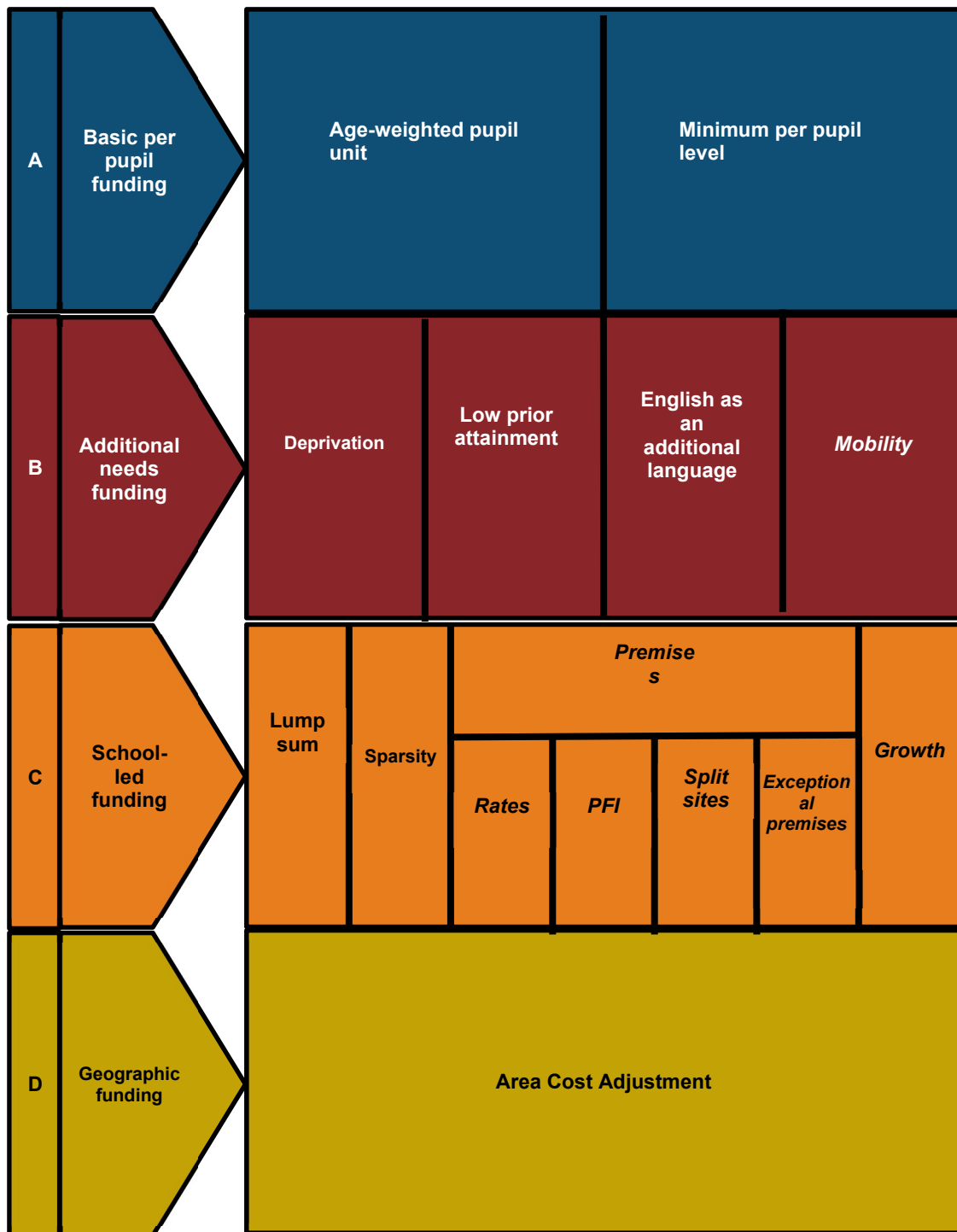
G1. There are four funding blocks within the DSG:

- **Schools Block** – uses formula to fund the budget of all mainstream schools (called Individual School budgets - ISB).
- **Early Years Block** – Individual School budgets. Funding is provided based on hours taken up by parents with providers (participation). There are different rates for under 2 (U2), two year olds (2YO) and 3 & 4 years old (3&4 YO). Funding is allocated through a locally derived formula.
- **High Needs Block**. A block of funding was ring-fenced to cover funding for pupils with Special Education Needs (SEN) in both mainstream and specialist provisions. The increase in this pot of funding has not been commensurate with the increased demand and level of needs presenting.
- **Central Schools Services Block** – to fund statutory education services for all schools carried out by the LA and includes historic and on-going commitments.

G2. Each block's calculation is based on a different national funding formula (NFF).

G3. 99.5% of the schools block will be ring-fenced and must be distributed through the local formula for schools.

G4. The schools NFF comprises of 14 factors – the minimum per pupil level is an additional factor to the 13 included in the original proposals by the DfE.



NB: Not to scale. Funding for factors in *italics* will be allocated to local authorities on the basis of historic spend in 2018-19

ANNEX H

Procedures for schools seeking a license to set a deficit budget

(Updated for 2025/26 Financial Year)

- H1. This procedure was first agreed by the Schools Forum on the 3 May 2011. It took effect from that date. The procedure and this document are reviewed annually and agreed by the Schools Forum.
- H1.1. Schools must complete the Croydon Licence deficit proforma (return) for 2025-26 in order to request permission to set a deficit budget for 2025/26. The return is available from the schools' finance team by emailing SCHOOLS.FINANCE@croydon.gov.uk and is also available from this link [Annex H - Croydon Financing Plan template 2022.xlsx](#)

Background

- H2. School governing bodies are responsible for using their allocated funding together with other income and any balances brought forward to set a balanced budget. The budget must be approved by schools governing body and signed by the chair. The approved and signed plan must be submitted to Croydon Council by 1st May, in a format specified by the LA.
- H2.1. If the governing body is unable to set a balanced budget at the beginning of the financial year, or are of the view that their school's financial year-end position will result in a deficit, they are required to request the agreement of the LA to set a licensed deficit

The process for schools seeking to set a deficit budget is as follows:

- H.3. For a School submitting a proposed deficit budget at the beginning of the financial year. The following processes must be followed:**
- H3.1. A recovery plan using the prescribed pro-forma (see link at H1.1. above) linked above must be completed and agreed by:
- (1) the Director of CYPE, and
 - (2) the Corporate Director of Resources.
- H3.2. The Corporate Director of Resources (or his/her appointed representative) will review and co-ordinate the approval as detailed below:
- A. Deficits under £100k to be approved by the Deputy S151 Officer and Director of Education.
 - B. Deficits over £100k to the Director CYPE and Director of Resources.
- H3.3. All schools in financial deficit (whether formally approved or not) will be required to provide a monthly return to the same standard as the quarterly returns demonstrating action and progress to recover the deficit position until the deficit is fully recovered and repaid.

- H3.4. Schools seeking permission to set a Licensed Deficit Budget can purchase their financial support from a provider of their choice but must seek approval from the Local Authority to use that provider.
- H4. A School's forecast carry forward enters a deficit position during the financial year.**
- H4.1. The Chair of Governors should contact the Local Authority Finance Department as soon as the school knows the forecast position is going to result in deficit, to discuss the position.
- H4.2. If the projected deficit is less than £10k and the school anticipates that they will have a balanced position within 6 months or the end of the financial year (whichever is shorter), a licensed deficit Proforma is not required but monthly financial returns are required.
- H4.3. If the amount increases above £10k or the time in deficit increases to greater than 6 months then a licensed deficit Proforma must be submitted, and process outline in H3. Above will be followed.
- H5. A school which finds itself in a deficit position without firstly notifying the Local Authority may have their delegated budget reviewed and face the prospect of losing the delegated budget status.
- H6. A School that is unable to present a recovery plan that leads to a balanced budget over a three-year period may lose its right to a delegated budget.

ANNEX I – CASH ADVANCE APPLICATION FORM

Application for an advance of funding

The purpose of this form is for the school to apply for an advance of funding.
The expectation is that all advances would be repaid in the same financial year.

School DfE number

Give reason(s) for needing cash advance
in budget deficit
extreme short term cash flow
other - please state

Please tick all that apply

☐
☐

Please provide further details as to the reason for your request.

Cash advance required in £s

Date advanced required

Date by which the advance would be repaid

This should be in the same financial year

Note if the repayment is to be collected with the termly funding then the date should be the month of the next termly advance.

Note if the repayment is to be collected over several terms then indicate below the payback profile.

Notes

If the date of the cash advance and its repayment are in the same month then no interest charge would be made

If the date of the cash advance and its repayment are not in the same month then there will be an interest charge at the current bank rate for each month or part of a month.

Headteacher signature

Chair of Governors signature

Agreed by LBC Finance

Authorised signatory

Name

ANNEX J – Access for Schools to Make Online Payments by Bankline

- J1.** A number of maintained schools have requested that the LA makes a process for undertaking online payments available to them (currently they undertake payments via cheque). The online banking facility will be made available to maintained schools who bank within the LA's banking arrangements (i.e. Schools within the Council's "Schools Group") currently with Natwest. Schools operating non-Natwest accounts can also set-up online payments specific to their school but must follow the principle described later in this document.
- J1.1** Any school that requires access to Bankline access will complete forms B1 B2. Once this is done, the Schools Finance team will take necessary step to set the school up on Bankline and provide the school with access. This includes being provided with a card, card reader and PIN.
- J1.2** This will involve the creation of a User ID which will then lead allow school to generate an authorisation code when login into Bankline for the first time.
- J1.3** Completion of form B2 is required for those schools that want to make payment on Bankline.
- J1.4** As in the operation of normal bank account, only school staff are allowed to have access to Bankline or to make payment from it. However, all forms must be discussed with and approved by governing bodies.

J2. Bankline - Online Payments

Appendix A outlines what Bankline can offer to schools, in terms of online payments. There are three types of Bankline payments as outlined in the table below:

Table One:

Type of Payment	Details	Cost
Faster / Standard	Same day or can select a later payment date within a 31-day cycle Max amount £100k	20p per payment next day or later Same day £3

BACS	Once entered on the system and authorised, funds will transfer in three working days. Separate items can be batched up in a file and sent on the same day.	23p per payment plus £3.50 per file + 1.6p per item therein.
CHAPS	Same day telegraphic transfer for items over £100k	£5 per item.

J3. Initially schools will only be permitted to make use of 'Faster / Standard' payments or CHAPS where necessary.

J4. Proposed Process

J4.1 Access

A maximum of four individuals should be identified within each school, the individuals should all be full Council employees (i.e. not a governor, unless a staff governor and not agency staff) and at least two of these individuals should be in a senior position (i.e. Bursar / Finance Manager /School Business Manager/Deputy (or Assistant) Head/ Headteacher/). Ideally, these four individuals should already be on the School's bank mandate as signatures.

All four will be allowed input access for the 'Faster / Standard' and 'Chaps' types of payments for their own school bank account only. All four employees can be set up as an authoriser access, but they will only be able to authorise transactions input by others. (The banking system will be set up to ensure they are not able to input and authorise the same transaction).

J4.2 Payment Process for single transactions

1. Invoices requiring online payment should be input into Bankline by a staff member with input access.
2. A staff member with authorisation access should then authorise the payments by checking that the backing paperwork agrees with the information entered on the Bankline system and entering their approval into the system. (The authoriser is ultimately responsible for the payments that they authorise.)

3. Those with ability to authorise will each require a Smart Card, unique to them, and card reader. A PIN will be sent separately. Using that PIN they can then select their own passwords. Smart cards, readers, PINS and authorisation codes will be ordered by a member of Schools Finance – who is an administrator on Bankline. The PIN will enable the user to create a password for future uses.
4. A report summarising all payments input onto the Bankline system should be run. This should be checked against the backing invoices by a third member of the four identified individuals at each school. The report should be signed by the person undertaking the check to confirm that it is correct and it should be filed with the batch of paid invoices.
5. Schools will be expected to build a template on Bankline for regular suppliers to standardise processes and minimise errors. The use of templates will also speed up the payment process once they are created. These can be edited by adding or deleting beneficiaries.
6. Import directly from a school's ledger system into Bankline is permissible using Bankers Automated Clearing Services (BACS). BACS process is described separately later in Appendix B to this Annexure. Any other import of payment directly from a school's ledger system into Bankline (or other form of online banking system) is not permitted as such imports can be manipulated, undertaking such activity would increase the school's risk of fraud to an unacceptable level.
7. Bankline will not accept an invalid bank account; therefore, invalid bank account details cannot be processed.
8. Where a payment is processed but later rejected, this will be credited back to the school's bank account and will appear on their bank statement. This should be dealt with as follows:
 - This should be captured as part of the bank reconciliation as an outstanding item - the bank statement balance will differ to that of the bank balance on the ledger
 - The payment should be reversed through the ledger to bring the bank and ledger into balance, and re-instating the creditor
 - The bank should be contacted to find out why the payment was rejected
 - The Supplier should be contacted

- Once satisfied that the payment still needs to be made and all other errors resolved, a new payment should be processed, with details updated from discussions and confirmation of changes by both the bank and the supplier.

J4.3 Records

Schools will be expected to keep a full audit trail of documents relating to each transaction. Schools will be expected to perform a regular bank reconciliation (monthly as a minimum), which should be signed in accordance with the scheme for finance. Schools that implement the use of Bankline to make online payments should update their School's financial regulations and procedures to reflect the process outlined in section J4.2 of this document.

J4.4 Training

Training will be provided through the RBS website. The Bankline helpdesk can be accessed during working hours, contact details will be provided in the training sessions. You can also access Bankline FAQs at this link [Bankline Help and Support | NatWest Business](#)

J4.5 Roll-out

Schools that wish to have access to make online payments on Bankline should email schools.finance@croydon.gov.uk

Appendix 1: Useful information regarding Bankline

About Bankline

With Bankline, payments and money transfers are simple to manage and quick to process

Payments and transfers can be entered any time and processed whenever suits you- immediately, the next business day, or on the date you choose. You can also view all payments and inter-account transfers that have been confirmed, with a real-time status of the transaction progress.

The most cost-effective payment channel for a school would be for a Next Day or Future Dated Faster Payment to be made. This will be via the Standard Payment method.

The current charge for a Next Day or Future Dated Payment via Bankline for a LB Croydon school is £0.20 so you will see an immediate cost saving against the cost of stationery and stamps for posting invoice payments to suppliers.

As a self-serve system, the administration of Bankline is controlled centrally by the Local Authority. Users will be granted access to their school's own accounts only. In addition, the profile can be set up to ensure that the required authorisation limits are in place and that individuals have the correct level of access to enable them to undertake their day-to-day duties.

Smartcards and smartcard readers give you an extra layer of security. The system is simple and extremely effective.

Smartcard authentication allows your team to control the movement of funds from your accounts - and alter the administration of those functions.

Each authorised user has their own smartcard, which is used in conjunction with a smartcard reader. Without the smartcard, the transaction or change can't be made.

Logging on to Bankline requires a combination of unique passwords, PINs and user IDs to access the services. You can even decide how often users must change their passwords.

This level of protection means that your information is kept private. It also means that users only have access to the functionality they are assigned to.

We recommend your organisation maintains anti-virus software on all computers, to ensure you are protected from new threats as they emerge.

Bankline will never ask users for a complete set of security details on any web page. We would also never send an email asking for these details or linking to a web page asking for such.

We have designed the technology behind Bankline to be as robust as possible.

The infrastructure is fully mirrored across two data centres. Should a component failure occur, a backup component would take over processing.

We also have a number of backup measures designed to protect the continuity of the Bankline service.

Safeguard your business - use Rapport, antivirus and a firewall

Rapport adds the protection your business needs. It helps to stop criminals using sophisticated methods to steal your login details and other data.

Rapport conceals your login details and other information by forming an additional security layer between your computer and Bankline.

Rapport also makes sure that you really are connected to our site ensuring your data is being transferred to Bankline, not a fraudster.

However, your company still needs antivirus software and firewalls. Rapport complements these security measures but does not replace them.

Effective, secure and easy to install

A few seconds is all it takes to download Rapport from our website. If your organisation has a policy on downloading and using software, contact your IT department before you download Rapport.

This link takes you to the site <http://www.rbs.co.uk/corporate/ms/sc/online-security/rapport.ashx>

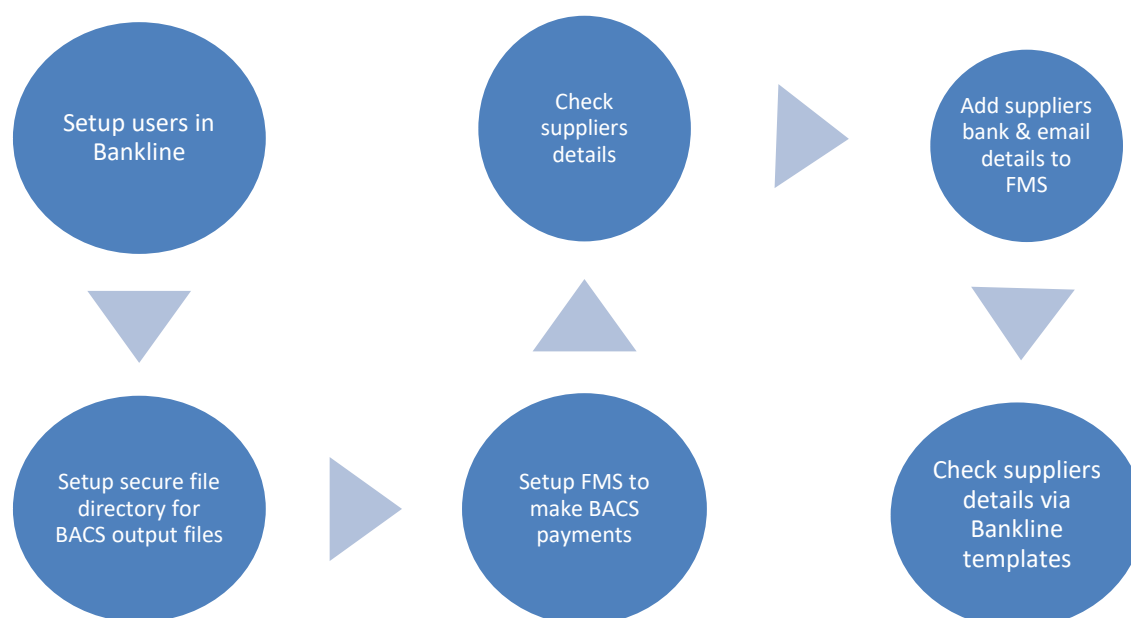
Rapport is easy to use and does not interfere with day-to-day browsing. It also updates automatically to protect you from new threats.

Our existing security

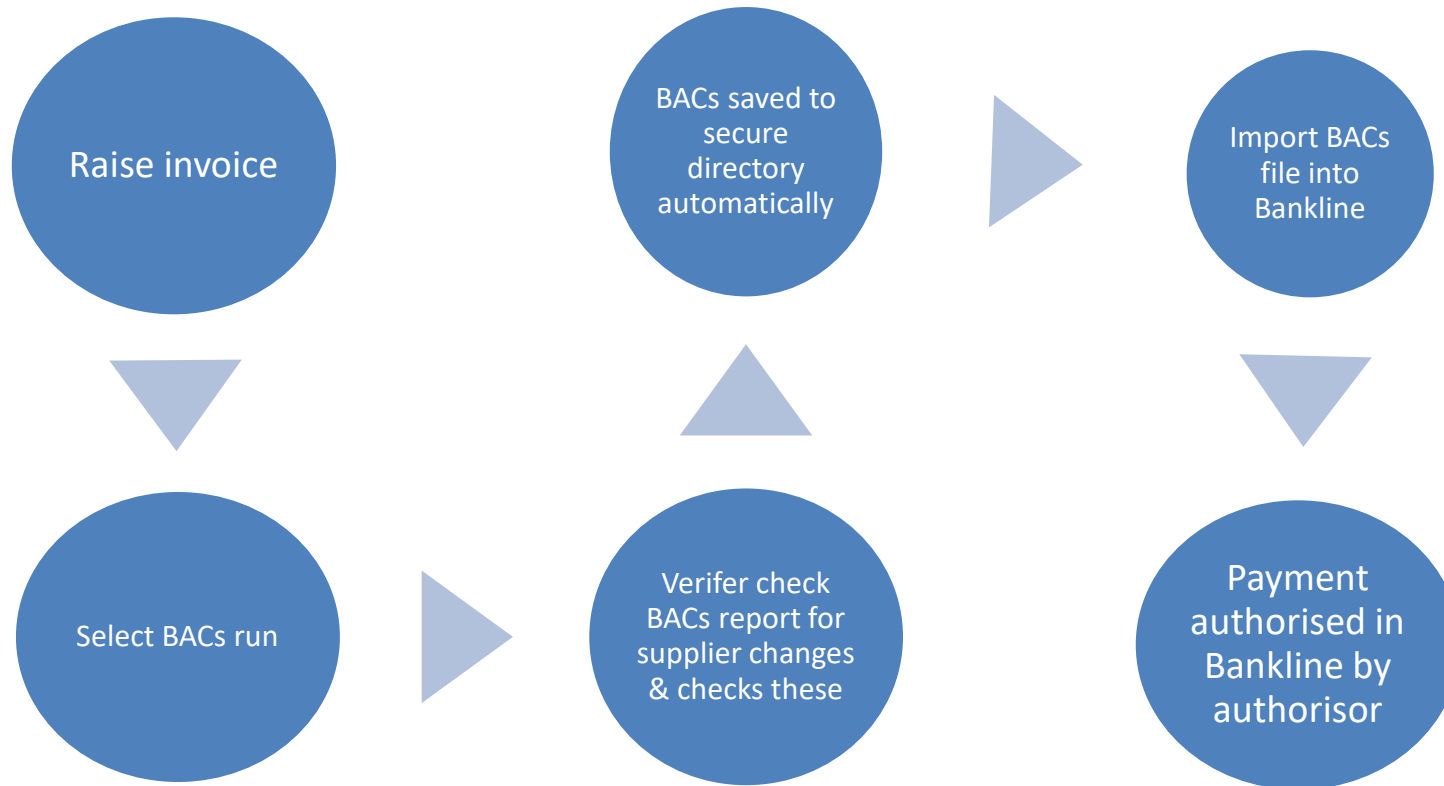
Bankline is extremely secure. However, Rapport is a crucial layer of additional security that can't be met by your antivirus software and firewalls alone.

Appendix 2: Croydon School Guide to Bulk Upload Payments Via Bankline June 2024

Setup Process



Payment Process



Setup Checklist

Tasks	Page	Completed
Obtain Governors approval and update finance policy		
Assigning Roles	5	
Complete Bankline role forms and send to Croydon Finance	7	
Setup secure directory for BACs files	8	
Setup FMS for using BACS	8	
Check all supplier details via Bankline templates	11	
Add suppliers' details to FMS supplier details	14	

Payment Processing

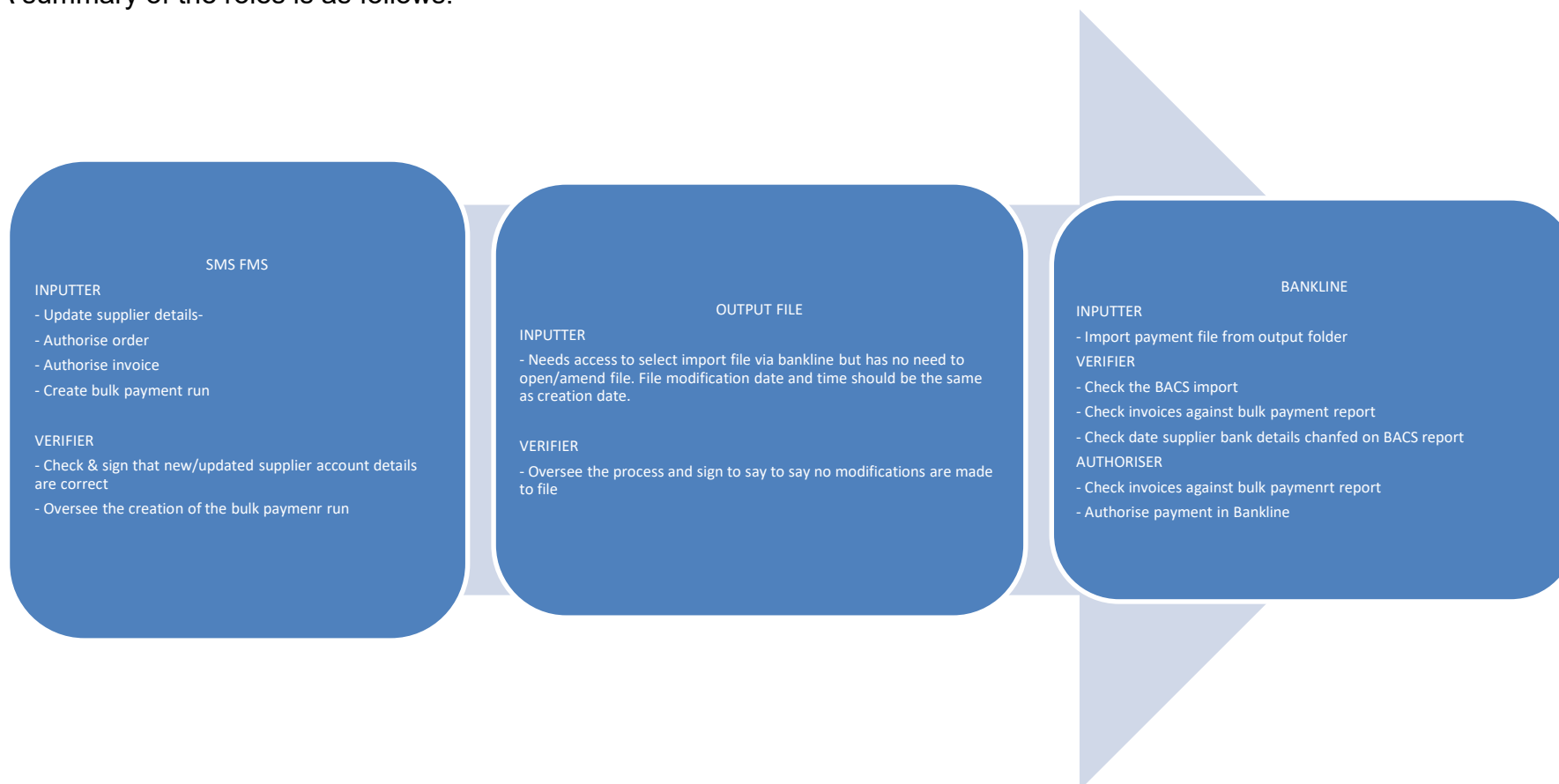
Processing a BACS file in FMS	15	
Checking the BACS file	16	
Importing the BACS into Bankline	17	
Authorising the BACS in Bankline	19	
Supporting paperwork required	20	

SETUP PROCESSES

Roles

Within the overall process there must be 3 people involved in the payment process known as the inputter, verifier and authoriser. It is suggested that there are two people for each role and although some people can have dual roles, they must only perform one role for each BACS run.

A summary of the roles is as follows:



Roles	Inputter	Verifier	Authoriser
Responsibilities	Run supplier details via Bankline template Add supplier details to the SIMS FMS Process invoices Produce BACS output file Import BACS output file into Bankline	Check suppliers' details on SIMS FMS against Bankline screenshot Review BACS run report and check any suppliers whose bank details have changed Oversee BACS output files and import into Bankline	Review BACS report and authorise BACS run in Bankline
Access	SIMS FMS BACS Output File Bankline as an inputter	SIMS FMS BACS report Bankline screen prints	Bankline as an authoriser
Small School example	Finance Officer	2 x Senior Class Teacher	Headteacher and/or Deputy
Larger School example	Finance Officer, Admin Officer or SBM	School Business Manager or Office Manager	Headteacher, Deputy or SBM

The inputter and authoriser must be set up on Bankline via Croydon School Finance. This is completed using the B2 below. It is useful for one of the inputters to also be an authoriser but with a spend limit of 1p so they can authorise Bankline templates but not authoriser payments.

User Profile for BANKLINE request (for LB Croydon Internal Use only) Form B2
Are you an existing Bankline user YES/NO If NO please complete a separate Bankline application form B1

RIDGEWAY PROFILE -

To: Schools Finance Team

Account

Number Sort Code

Account Name

London Borough of Croydon re Purley Oaks Primary School

School Name, Address & Post Code:

Telephone Number & DfE Code:

The persons below have been appointed to the position shown and are to be added to the existing Bankline user profile on the above account.

INPUTTER (Max 2 persons) - Bankline (Full names of authorised persons to be added)

Email address and Telephone number and current Bankline under number

VERIFIER (Max 2 persons) - Bankline (Full names of authorised persons to be added)

Email address and Telephone number and current Bankline under number

AUTHORISER (Max 2 persons) – Bankline (Full names of authorised persons to be added)

--

Email address and Telephone number:	USER ID (Treas number)

APPROVAL OF THIS FORM

<u>Name and signature of Headteacher:</u>	<u>Date form approved:</u>

INTERNAL ONLY - DATE COMPLETED BY SCHOOL FINANCE

--

Setup secure directory for BACs files

SIMS FMS will produce output automatically when it is raised and will be saved on your server.

A directory needs to be setup called BACS and only two members of staff should have access to this – the inputter and the back-up inputter.

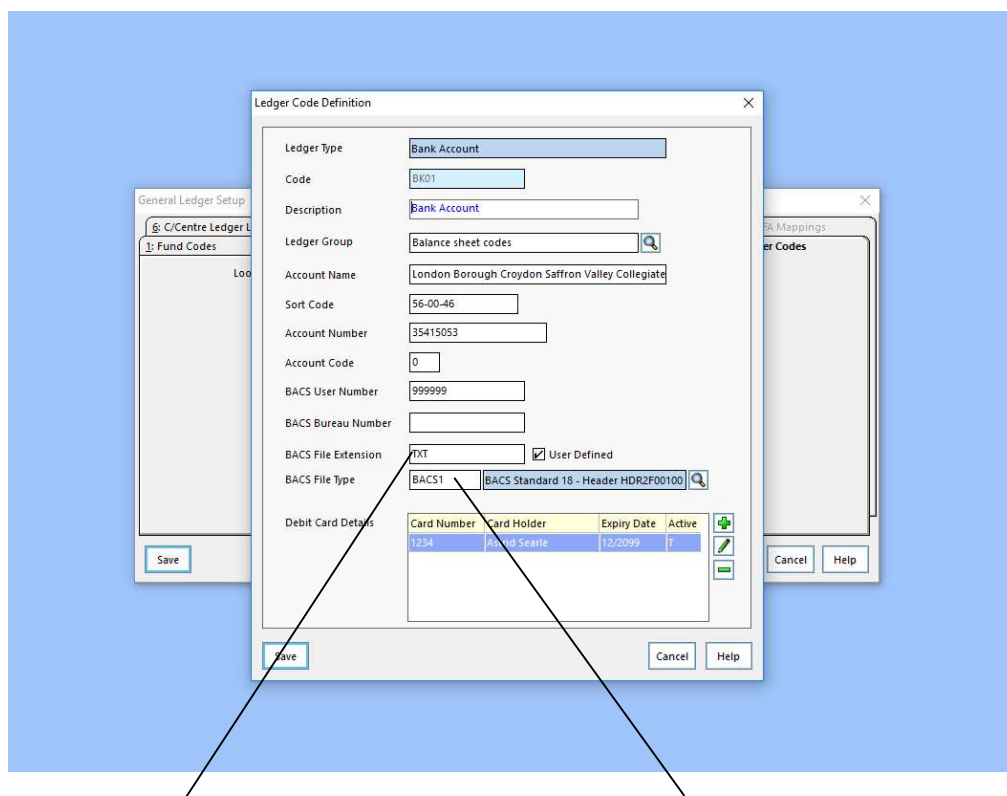
This will normally be completed via your IT support

Setup FMS for using BACS

These are a number of steps for this:

- 1) You need to setup FMS to export payments to a CSV; this needs to be set up on the Bank Account Ledger Code for BACS:

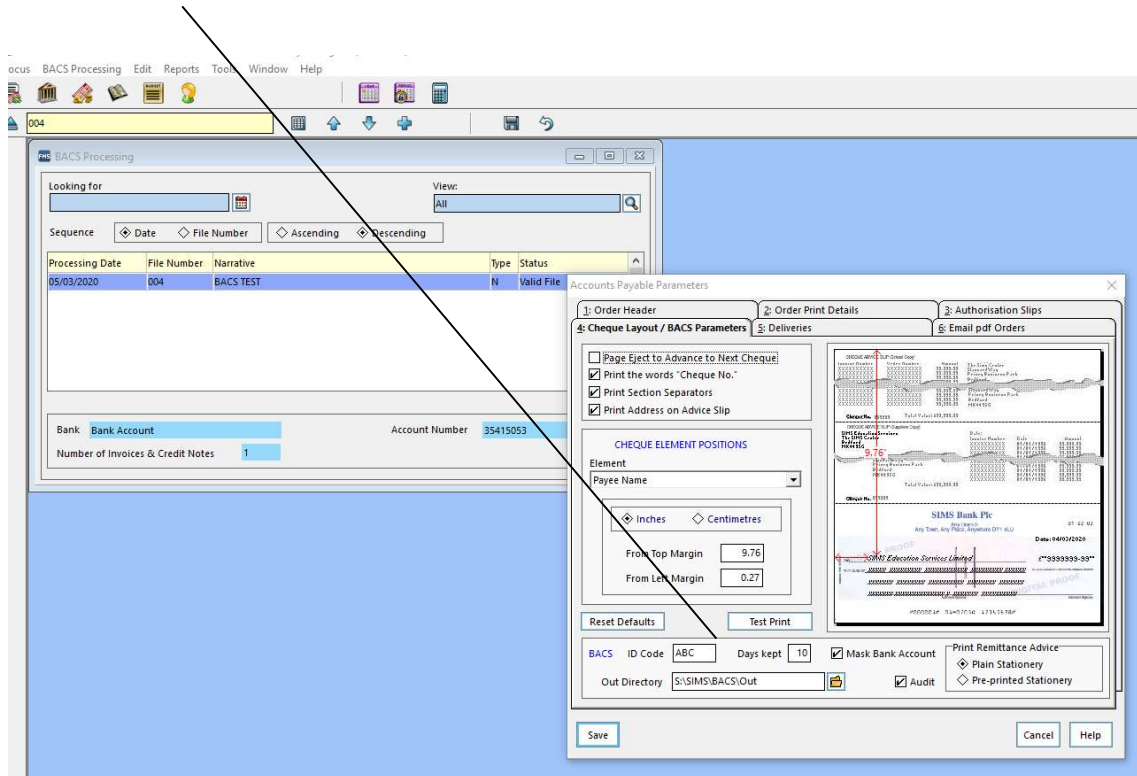
Tools/General Ledger Setup /Tab 5 Ledger Codes



Please note the file extension should be TXT BACS file format BACS1

- 2) You need to setup where the BACs output file will go. Remember this must be a file on the server with restricted access.

Tools / Accounts Payable Parameters / 4 Cheque Layout / BACS Parameters – see box bottom left regarding ‘Out Directory’



3) You need to set up the email server to enable remittance advices to be sent.

Tools/establishment details / tab 5 email setup

The top screenshot shows the 'Establishment Details' window with the '5: Email Setup' tab selected. It features a table for configuring email servers:

Server Purpose	Returned emails sent to
BACS eAdvices	finance@saffronvalleycollegiate.co.uk
Email PDF Orders	

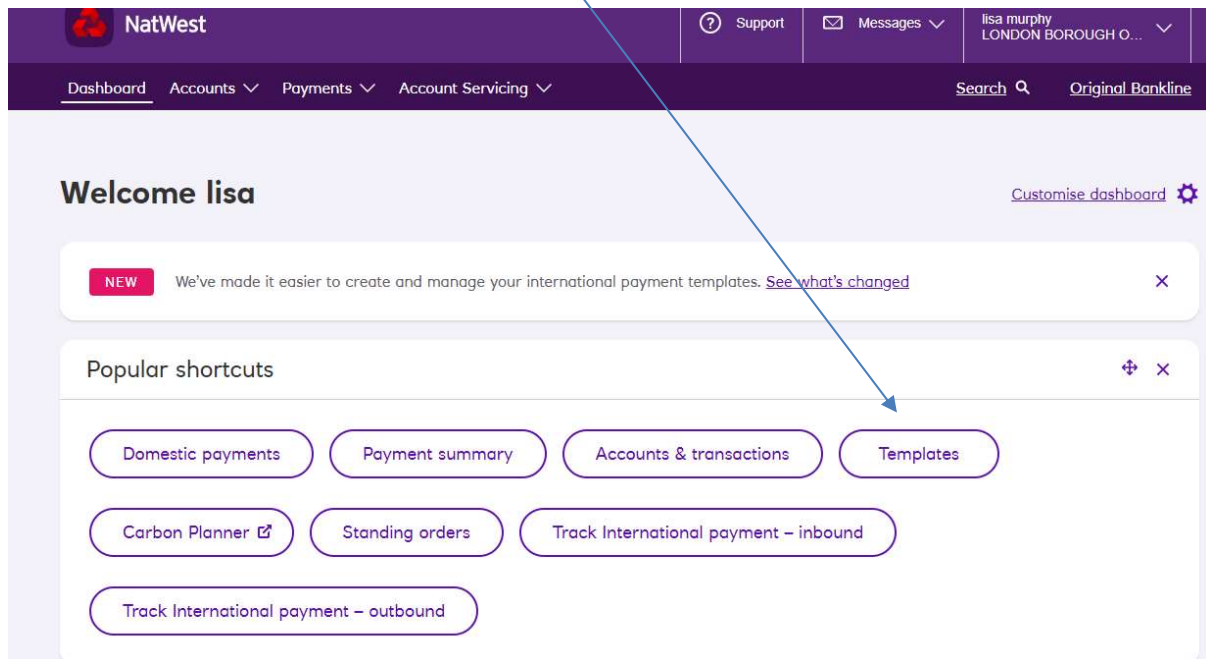
The bottom screenshot shows the 'Maintain Servers' dialog box. It contains the following fields and options:

- Server Purpose: BACS eAdvices
- Mail Server: mailrelay.igfl.org.uk
- Port Number: 25
- Use STARTLS Encryption: ☐
- Requires Authentication: ☐
- Username: [Empty field]
- Password: [Empty field]
- EMAIL SETUP section:
 - Return email Address: finance@saffronvalleycollegiate.co.uk
 - Subject Line: BACs Payment from Saffron Valley Collegiate School
 - Message (Body): You should shortly receive payment from Saffron Valley Collegiate school via BACs payment to your bank account. The attached remittance advice provides the details of the payment(s) being made.
- Keep Remittance Files: ☒
- Test Mail Server Setup: [Button]

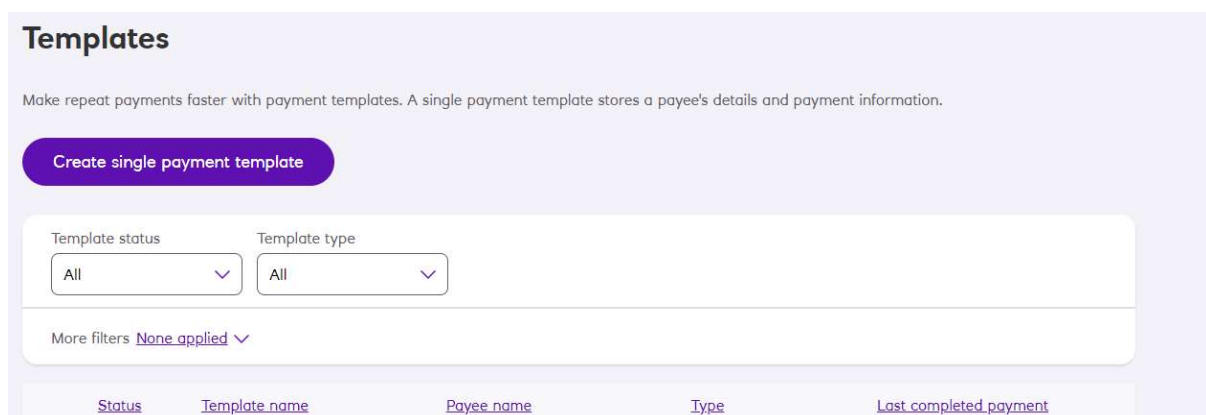
Check all supplier details via Bankline templates

This process allows you to check the details on the suppliers' invoice is correct and would be completed by the school's inputter.

- 1) Login to Bankline
- 2) From the dashboard select Templates



- 3) Click on Create single payment template



4) Enter the supplier's name and select Domestic payment

Create a single payment template

i Give your template a meaningful name that you will be able to find easily in the future. Along with the payment information, you can also set an optional limit.

Template name

Enter template name (0/20)

Select type of payment

Domestic payment

International / FX payment

5) Then enter the details on the drop-down screen

From

Account

→

To

Full payee name **i**

(0/140)

[Add payee address](#)

Their account number

Their sort code

Payee account type

☐ Business

☐ Personal

Check payee

Use payee

i We'll check these payee details with their bank. If we find any variations, it could signal a scam.

Your reference **i**

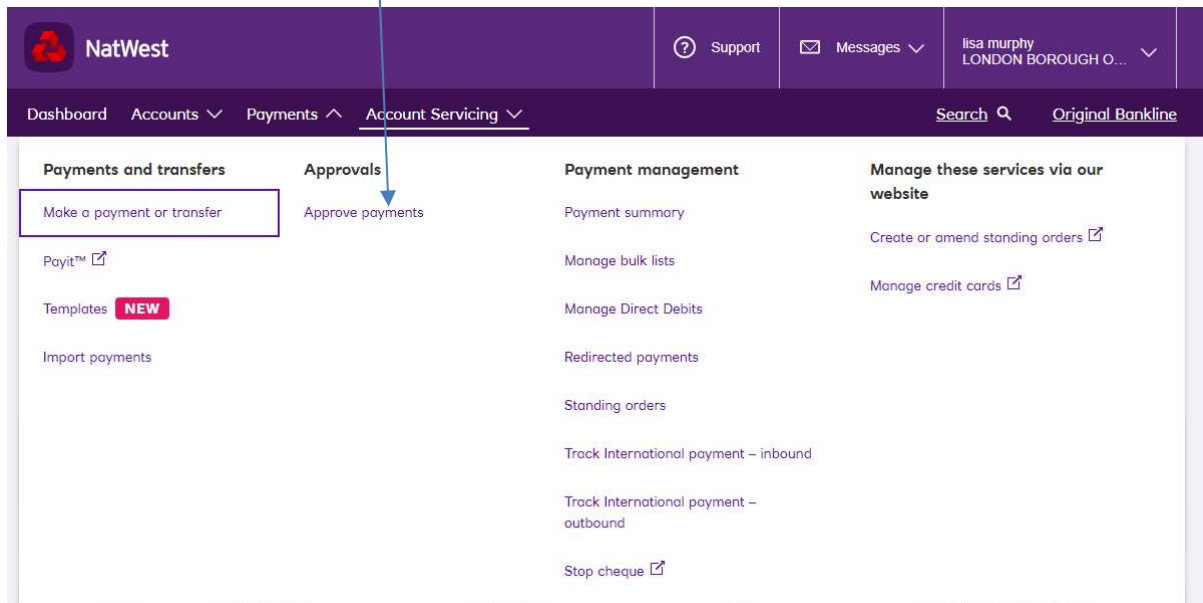
Their reference **i**

6) Then click save.

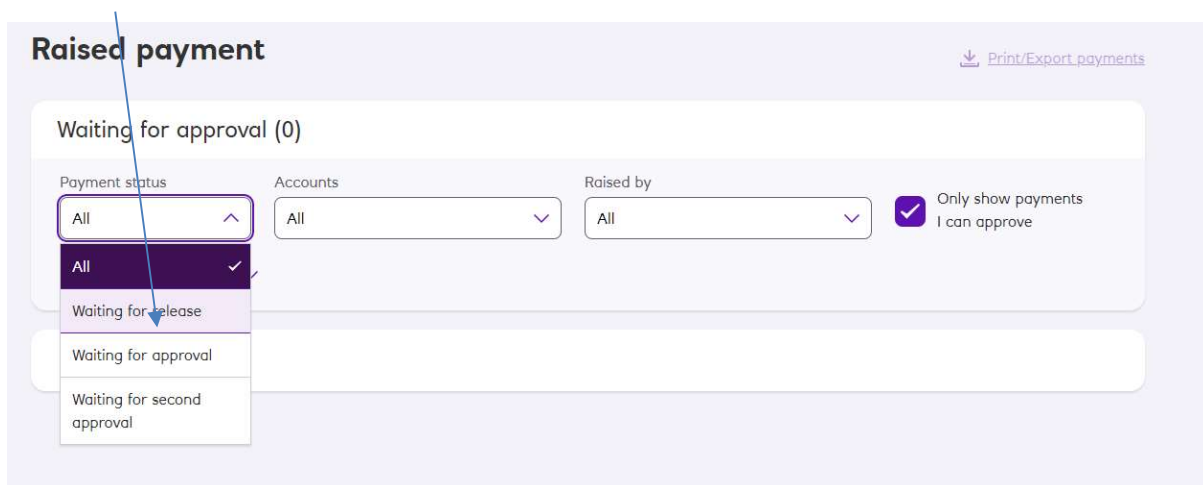
The next steps are completed by the approver or if you have a person with a dual role they can authorise the templates. However, two different people must be involved in this process.

7) Authoriser logs into Bankline

8) Select Approve payments



9) Change view to Waiting for approval



10) Click on each template and check the details of the bank account against the invoice and the name on the account matches the invoices.

11) Authorise the template by following the onscreen instructions.

12) Print off a screen print of the confirmed details, initial it and retain for school records.

Add suppliers' details to FMS supplier details

First you need to enable the supplier to receive BACS payments:

Focus / supplier / tab 2 – additional

Enter bank details and tick the BACS Payable Supplier to enable the function.

Please note that once this has been ticked the supplier invoices will not show under the cheque processing module – it is an either-or scenario.

FMS Supplier Details

1: Basic **2: Additional** 3: Catalogue 4: Review 5: eProcurement

BANK DETAILS

Account No.

Account Code

Account Name

Sort Code

Bank Name

Branch

Payment Reference No.

☒ BACS Payable Supplier

☒ e-mail PDF Remittance Advice

e-mail Address

PAYEE DETAILS

☐ Payee in Use

Payment to

Address

Telephone

Fax

Contact

☐ Construction Industry

CIT Reference

Expiry Date

The inputter must enter the details in SIMS FMS, and the verifier must check each supplier's details using the screen print from Bankline. The verifier must sign the screen print as confirmation of details.

BACS Run Report



Selection

BACS Run - BACS004
Creation Date : 07/03/2024
Processing Date : 08/03/2024

User: LM **Establishment:** Purley Oaks Primary School

<u>Payee Name</u>	<u>Supplier Name</u>	<u>Inv/Cr No</u>	<u>Tran No</u>	<u>Pay By</u>	<u>Amount</u>
Lisa Murphy	Lisa Murphy	IN:BACS Test 5	00012317	07/03/2024	0.01
Payee Bank Account Details updated on : 04/03/2024 By User : LM					Payment Total : 0.01
Number of Payments in Run:					1
Total Value of BACS Run :					0.01

Authorised By : _____ Date : __/__/__

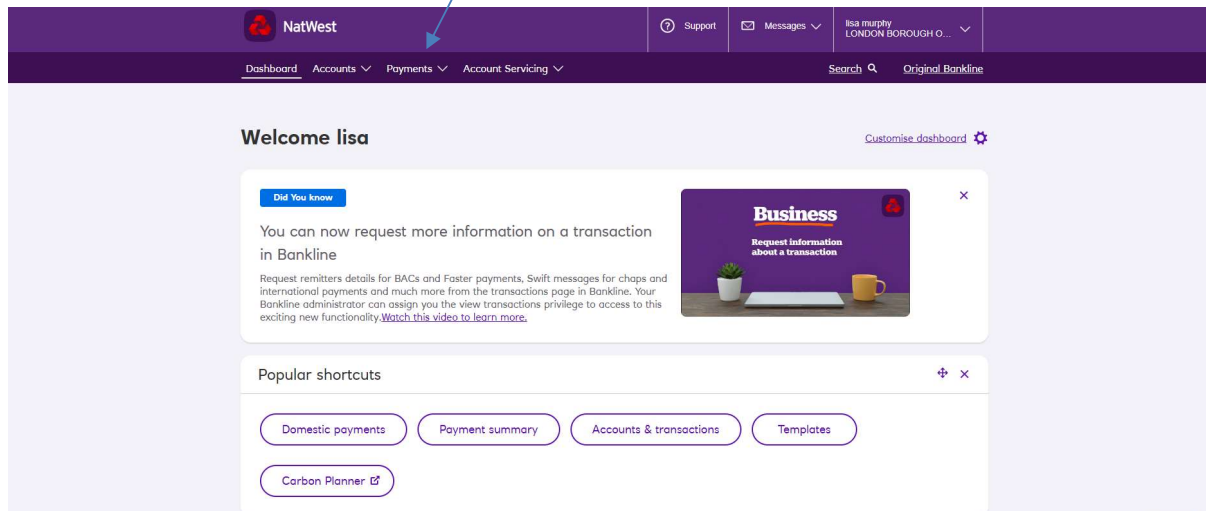
Authorised By : _____ Date : __/__/__

Importing the BACS into Bankline

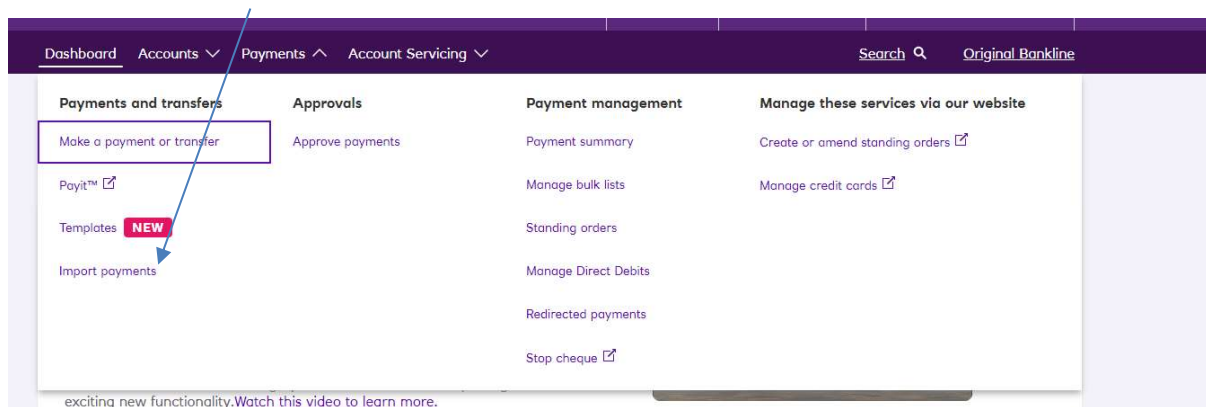
This process is completed by the inputter and overseen by the verifier and must be completed straight after producing the file in FMS.

Login into NatWest Bankline.

Then click on the payment drop down.



Click on import file.



Click on choose file and then select file you require.

Import payments

Import payment file

Files you've recently imported are listed below. If you have the import payment privilege, you will also be able to import new files.

Import a file:

File location: No file chosen

Imported Files: 47 Display: Imported files per page

Import reference	File name	Date & time of import	No. of payments	Status
18441981	bacs060324/bcexp.txt	06/03/2024 at 16:09	1	Imported successfully
18441929	bacs060324/bc.txt	06/03/2024 at 16:09	57	Imported successfully
18434503	bacsabc033.txt	05/03/2024 at 15:46	1	Imported with errors
18434154	bacsabc002.txt	05/03/2024 at 15:23	1	Imported successfully
18430965	bacsabc001.txt	05/03/2024 at 10:25	1	Imported successfully
18387734	bacs260224/bc.txt	26/02/2024 at 14:09	50	Imported successfully
18387716	bacs260224/bcexp.txt	26/02/2024 at 14:07	1	Imported successfully
18371413	bacs220224/bc.txt	22/02/2024 at 11:55	1	Imported successfully
18266588	bacs210224/bc.txt	21/02/2024 at 15:38	81	Imported successfully
18355284	bacsabc032.txt	20/02/2024 at 10:25	1	Imported with errors

[Refresh page](#)

1 2 3 Next

Once the file is uploaded click on the go button.

Then click on Accept import

Import payments

Accept payment file import

Your payment file has been imported successfully.

To continue the import process, select the Accept import button.

☒ By Order Of fields are only for use by Financial Institutions or in other special circumstances. The details entered will be ignored, as this payment data will be set automatically from your Account details.

Status report for import payment file

File name:	bacsabc003.txt
File location:	
File size:	1 KB
Date and time of completion:	
Number of payments imported :	1 Imported
Number of payments confirmed :	0

[Cancel import](#) [Accept import](#)

You will then receive this page

Import payments

Import completed

Our computer is validating the file now. When this has finished your payments will need to be authorised and confirmed before completion.

Status report for import payment file

File name:	bacsabc003.txt
File location:	
File size:	1 KB
Date and time of completion:	
Number of payments imported :	1 Imported
Number of payments confirmed :	0

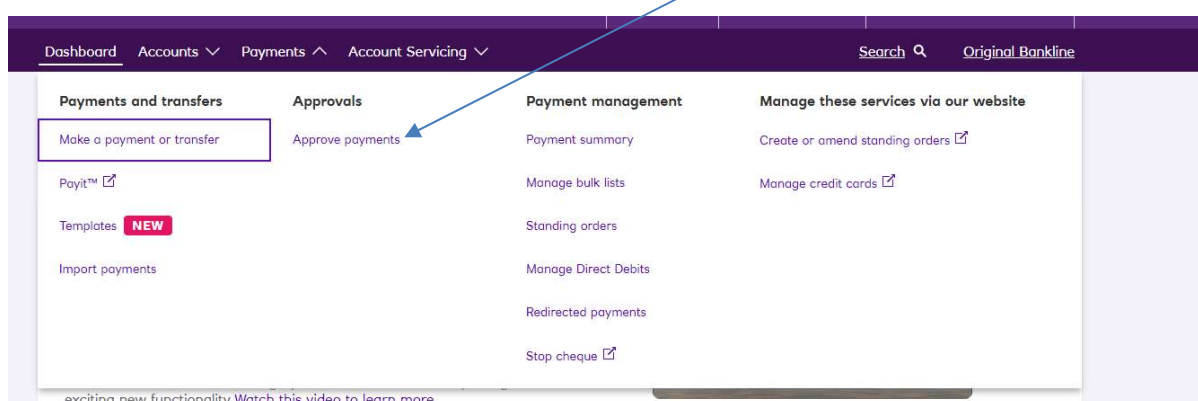
[Import another file](#)

The inputter and the verifier must sign the BACS Run Report on the first authorised line.

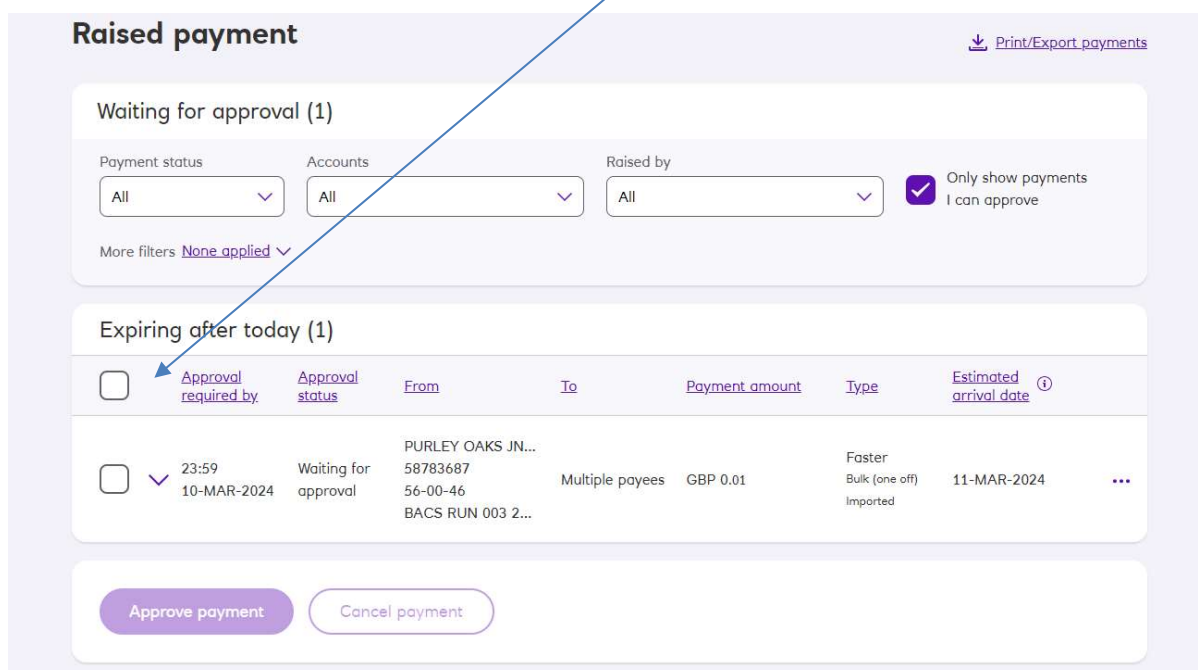
Authorising the BACS in Bankline

This task is completed by the authoriser and **MUST BE COMPLETED WITHIN 24 HOURS OF THE FILE BEING IMPORTED.**

- 1) The authoriser logs into Bankline
- 2) From the main dashboard select Approve payments



- 3) The raised payments screen will appear and the payment amount **MUST** be matched to the BACS payment report from FMS. Once agreed click on the authorisation button.



4) Then click on the approve button

The screenshot shows a web interface titled 'Raised payment' with a 'Print/Export payments' link. It displays a section for 'Waiting for approval (1)' with filters for 'Payment status' (All), 'Accounts' (All), and 'Raised by' (All). A checkbox 'Only show payments I can approve' is checked. Below this is a table of payments. The first payment is highlighted with a blue arrow pointing to the '1 payment for approval: £0.01' button at the bottom.

Approval required by	Approval status	From	To	Payment amount	Type	Estimated arrival date
23:59 10-MAR-2024	Waiting for approval	PURLEY OAKS JN... 58783687 56-00-46 BACS RUN 003 2...	Multiple payees	GBP 0.01	Faster Bulk (one off) Imported	11-MAR-2024

1 payment for approval: £0.01 Cancel 1 payment

- 5) The authoriser then uses their card reader and enters their PIN and enters the authorisation code into Bankline.
- 6) The authoriser then prints off the payment report from Bankline and attaches it to the BACs run report. The authoriser signs the BACs report.

Supporting paperwork required

For the initial setup there must be:

- An update finance policy approved by governors authorising the BACs process with roles assigned
- A completed Bankline B2 form
- A screen print of supplier's template from Bankline signed by the verifier after they have been agreed to FMS

For each payment run:

- An FMS BACs run report signed by the inputter, verifier and authoriser
- A payment report from Bankline
- If the supplier details have changed there must be a new screen print of the supplier's template.

ANNEX K – List of services available for schools through LA

- K1. The below link is to the complete directory of services available for schools to purchase for the 2025/26 financial year.
- K2. The brochure provides a summary of the services available to buy by maintained schools, academies and others, plus the services which the LA still have a statutory duty to provide for which there is no charge.
<https://www.croydon.gov.uk/sites/default/files/2025-03/croydon-services-for-schools-brochure-2025-2026.pdf>

Annex L - Procurement Card Usage Guidance for Schools

These procedures are issued to schools as guidance on the use of Procurement Cards (Pcards). This document can be adapted for use in the schools local policy.

L1. Introduction

- L1.1 Procurement cards (Pcard) are used to pay for small value transactions which cannot be made through school's procurement system. The card(s) should be administered by an individual within the school that is not a Bankline cardholder.

L2. Transactional and Credit Limits

- L2.1 It is recommended that Pcard limits are set at £500 per single transaction and at £5,000 for monthly credit limits. Higher limits can only be granted by a business case signed off at the Full Governing Body (FGB) of the school and submitted to the Governance Team explaining why there is a business requirement for a higher limit.
- L2.2 It is recommended that all card holder limits are reviewed on an annual basis by the FGB. It is also recommended that there is an independent review of the appropriateness of transactions. It is recommended that this review is carried out by the Head Teacher (where they are not the card holder or the Chair of the Finance Committee where the Head Teacher is the card holder).

L3. Card Holder Responsibilities

- L3.1 By using a Pcard, all cardholders must comply with the following:
- To use the Pcard for official school business purchases only and not to charge any personal purchases to the Pcard. All purchase must be legal and within budget provision.
 - Not to share your card (or card details) with any other individual. Only the cardholder may use the card.
 - To keep the card securely and not disclose the card PIN number to anybody. You must notify the Card Coordinator and RBS immediately if your card is lost or stolen.
 - To notify the Card Coordinator if you change roles or leave the School. Upon leaving the School, your card must be returned to the Card Coordinator.
 - To undertake a complete reconciliation of your card purchases within 15 working days of the statement date. Failure to reconcile your statement in a timely manner may lead to your card being withdrawn.

- To retain all statements and receipts, for a period of six years plus current year for all Pcard transactions. These may be requested for inspection by the Audit Team.
- To ensure that where VAT is charged, a valid VAT receipt is retained. For HMRC purposes, the receipt needs to include the name and address of the company and the VAT registration number. This will enable the School to reclaim the VAT. **If you are unable to obtain a VAT receipt the school cannot reclaim the VAT on the purchase, and therefore the cost to the school will be higher.** Certain exemptions to this apply for till receipts below the value of £250.
- Where identifiable, to ensure that VAT is recorded separately for each transaction to enable the VAT to be reclaimed.
- To ensure that an accurate description of the purpose and nature of the transaction is recorded on a monthly basis to assist with card monitoring. Attention must be paid to ensure that the description does not breach data protection requirements.
- To ensure that where applicable, quotations are sought and retained in file for higher value purchases and that the purchase is compliant with the Scheme for Financing Schools and represents value for money for the School.
- To undertake a goods received check for all goods or services ordered on the card. Evidence of a goods received check should be retained. (Note: signing and dating the receipt to evidence goods received is sufficient evidence).
- Transactions should not be split into smaller amounts to circumvent single transaction and credit limits.
- The principles of value for money still apply to purchases made using the card.

L4. What the Pcard should not be used for?

L4.1 Pcards should be used only for minor, incidental spend where it would not be appropriate to make a payment through school accounting system.

L4.2 A Pcard should not be used for any of the following items:

- Course fees
- Purchase of alcohol
- Subscriptions
- Personal purchases
- Cash withdrawals - Every supplier that accepts P Cards has a merchant category. Category 34 – cash must be blocked on all cards. Other

merchant categories can be blocked – see Appendix 1 list of categories. (There is no provision to block individual suppliers)

- Making payments to consultants or agency staff
- Reoccurring charges
- Charges where the School has entered into a contractual arrangement
- Your Purchasing card must not be used in conflict with any Procurement Rules, Procedures and Limits approved by Governors or where accounts already exist with suppliers and purchase orders are available or contracts are already in place.

L4.3 Any exemption for any of the above requires approval in advance from the FGB. This approval should be documented and retained by the card holder as part of the audit trail. Where in doubt please contact the Council's Governance Team.

L5. Card Approver Responsibilities

L5.1 The card approver has a responsibility to review all transactions on a monthly basis and check that these are appropriate, represent value for money and that all purchases are supported by receipts.

L5.2 The approver has an obligation to investigate any items of expenditure which appear to be incorrect or inappropriate. If necessary, the card approver should reject incorrect items. Where inappropriate expenditure has occurred, the card should be removed from the card holder and appropriate action taken.

L6 How to complete the Transaction Log

- All purchases are to be recorded on a transaction log. A log must be kept for each month the card is used – **see attached form** Appendix 2
- If goods are faulty or returned to the supplier, you must have your purchasing card account credited for the relevant transaction and record this on your transaction log.
- If the transaction log is completed by school finance staff receipts and details of transactions should be passed to finance on the next working day to facilitate accurate recording of school expenditure.
- A separate transaction log must be completed for each card.
- Record **date of transaction i.e. date of purchase or order**
- Record **name of supplier**
- Record **description of goods** purchased
- Record **transaction amount. Vat amount.**
- **Record total** (including VAT) as this helps you to know that you are still within your monthly spend limit.
- Record **Date goods received**
- Enter the **Statement date** when it appears on your monthly statement from the bank
- **All VAT receipts / paperwork to be attached to the transaction log.**

L7 Reconciling Card Statements

- You will receive a statement from RBS each month. The total amount for the school is directly debited from the school bank account two weeks after the statement is issued.
- If the statement does not reach you after 1 week of the agreed date, please contact and request them to forward a copy of the statement to you. If you have not spent on the card for that month, you will not receive a statement and you will not need to do anything with the log.
- Each transaction must be matched against your transaction log
- If any discrepancy, contact the supplier, if you have any further difficulties contact RBS/Natwest.
- If the latest transactions are not on the statement cut and paste them onto next month's transaction log, if using an electronic log.
- Once you are happy that the statement matches the transaction log the Cardholder should sign and date the log and statement (full signature).
- The log and statement must then be signed and dated by the approver (e.g. Head teacher or School Business Manager) who will check that all purchases are legitimate.
- The log, statement and all receipts etc. must then be passed to the school's finance team for entry into SIMS/FMS or any other application the school is using.

L7.1 Ensure that a copy of the log is kept for your own records and for audit review if requested.

Appendix 3: Merchant Categories

Merchant categories	
Building Services	Statutory bodies
Building materials	Office stationery, equipment and supplies
Estate and garden services	Computer equipment and services
Utilities and non-automotive fuel	Print and advertising
Telecommunication services	Books and periodicals
Catering and catering supplies	Mail and courier services
Cleaning services and supplies	Miscellaneous industrial/commercial supplies
Training and educational	Vehicles, servicing and repairs
Medical supplies and services	Automotive fuel
Staff – temporary recruitment	Travel
Business clothes and footwear	Auto rental
Mail order/direct selling	Hotels and accommodation
Personal services	Restaurants and bars
Freight and storage	General retail and wholesale
Professional services	Leisure activities
Financial services	Miscellaneous
Clubs/associations/organisations	Ca 34. Cash [BLOCKED]

Appendix 4

Example Purchasing card transaction log for schools							Cardholder name.....						
Attach VAT receipts and paperwork							MonthYear Page no.						
							Signature..... Date						
							Line Manager..... Date						
Ref.	Date	Supplier	Description of Purchase	Amount (£) excl VAT	VAT Amount (£)	Running total (£) incl VAT	Cost centre	Ledger code	VAT code	Date goods rec'd	Commitment added to SIMS	Statement No.	Journal added to SIMS

DATA PROTECTION ACT 1998 - The data you provide on this log will only be used for the purpose of monitoring and managing purchasing card transactions. However, Croydon Council must protect the public funds it handles and so may use the information on this log to prevent and detect fraud and may also share the information, with other organisations that handle public funds for the same purpose.

ANNEX M – USEFUL INFORMATION

Department for Education advice for schools on COVID – 19

<https://www.gov.uk/government/collections/coronavirus-covid-19-guidance-for-schools-and-other-educational-settings>

Department for Education advice to schools on pupil premium and other premiums available to schools

<https://www.gov.uk/education/pupil-premium-and-other-school-premiums>

DFE Funding Guidance

<https://www.gov.uk/topic/schools-colleges-childrens-services/school-college-funding-finance>

16 – 19 Education: funding guidance

<https://www.gov.uk/16-to-19-education-funding-guidance>

Octavo Partnership

<http://www.octavopartnership.org/>

APPENDIX 5 - Table of [key changes](#)

April 2022	December 2025
2.2 Basis of accounting The returns to the LA must be based on the “income and expenditure” (accruals) accountancy convention. This convention requires that expenditure incurred but not paid for in an accounting period is brought into account as a creditor and income due for which no cash has been received is brought into account as a debtor. Notwithstanding the above requirement for financial returns, each school is free to choose the accounting convention for its internal accounting purposes, i.e. “income and expenditure” or “receipts and payments” otherwise known as cash accounting. Schools are able to use what software they wish, provided they meet any costs of modification needed to provide output required by the LA.	2.2 Basis of accounting 2.2.1 The returns to the LA must be based on the “income and expenditure” (accruals) accountancy convention. This convention requires that expenditure incurred but not paid for in an accounting period is brought into account as a creditor and income due for which no cash has been received is brought into account as a debtor. Notwithstanding the above requirement for financial returns, each school is free to choose the accounting convention for its internal accounting purposes, i.e. “income and expenditure” or “receipts and payments” otherwise known as cash accounting. 2.2.2 Schools are allowed to use any accounting/finance software they wish, provided they can produce the information required by the LA. And in the case where the software could not, schools will have to meet any costs of modification needed to provide output required by the LA.
2.3.1 Submission of Financial Forecasts Croydon Council may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. The plan shall be based on a simplified CFR (Consistent Financial Reporting) structure and should be made available to the LA by the end of July in the first period of the multi-year period or the end of May where the school has balances potentially in excess of the 4% or 6% limit as described in paragraph 4.2b. Further details of format and timing will be found in the <i>local financial documentation on Finance Matters</i>. If the projections indicate a deficit balance in any of the multi-year budgets then a short commentary will be required by the school describing the action to be taken to restore a balanced position. The LA may request further information and/or suggest actions the school could take if the commentary is considered to be insufficient. If the projections indicate an excessive balance in any of the multi-year budgets then a short commentary will be required by the school describing the action to be taken to bring the balance back to a more reasonable level. The schools forum will review these balances annually and make recommendations for their management.	2.3.1 Submission of Financial Forecasts Croydon Council may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. The plan shall be based on a simplified Consistent Financial Reporting (CFR) structure and should be made available to the LA by the end of June in the first period of the multi-year period or the end of May where the school has balances potentially in excess of the 4% or 6% limit as described in paragraph 4.2.1 below. Further details of format and timing will be found in <i>Annex A - local financial documentation on Finance Matters</i> 2.3.2 If the projections indicate a deficit balance in any of the multi-year budgets, then a short commentary will be required by the school describing the action to be taken to restore a balanced position. The LA may request further information and/or suggest actions the school could take if the commentary is considered to be insufficient. If the projections indicate an excessive balance in any of the multi-year budgets, then a short commentary will be required by the school describing the action to be taken to bring the balance back to a more reasonable level.
2.10 Purchasing, tendering and contracting requirements	2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by Croydon Council's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account Croydon Council's policies and procedures Schools are advised to: I. Gain three quotations should be obtained for expenditure above £10,000 up to £60,000. II. For all purchases above £60,000 four tenders should be sought. III. For tenders expected to exceed EU thresholds, schools must comply with EU procurement requirements. IV. There is no requirement to seek LA officer counter signature for any contract for goods or services. V. Not do anything incompatible with any of the provisions of the Scheme, or any statutory provision, or any EU procurement directive The artificial disaggregation or aggregation of orders to avoid procurement requirements should be avoided at all times. In addition, governing bodies shall determine procedures that should include processes for: - securing quotations - placing orders - keeping records - other appropriate incidental matters These should include the following thresholds: • Three quotations should be obtained for expenditure above £10,000 up to £60,000. • For all purchases above £60,000 four tenders should be sought. • For tenders expected to exceed EU thresholds, schools must comply with EU procurement requirements. • There is no requirement to seek LA officer counter signature for any contract for goods or services. • Schools may seek advice on a range of compliantly procured deals via Buying for schools on the DfE website https://www.gov.uk/guidance/buying-for-schools	Schools are required to abide by Croydon Council's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account Croydon Council's policies and procedures. Schools are advised to: VII. Gain three quotations should be obtained for expenditure above £10,000 up to £60,000. VIII. For all purchases above £60,000 four tenders should be sought. IX. For tenders expected to exceed UK thresholds, schools must comply with UK procurement requirements³. X. There is no requirement to seek LA officer counter signature for any contract for goods or services. XI. Not do anything incompatible with any of the provisions of the Scheme, or any statutory provision, or any UK procurement directive XII. Schools may seek advice on a range of compliant procured deals via Buying for schools on the DfE website⁴. The artificial disaggregation or aggregation of orders to avoid procurement requirements should be always avoided. In addition, governing bodies shall determine procedures that should include processes for: - securing quotations - placing orders - keeping records - other appropriate incidental matters These should be included within the schools own "Financial policy and procedures" document produced in accordance with the Croydon financial documentation on Finance Matters (see Annex A)
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These should be included within the schools own "Financial policy and procedures" document produced in accordance with the Croydon financial documentation on Finance Matters (see Annex A)	
3.1 Budget share instalments Schools shall receive their budget share termly in advance in three set weeks: 4 th working week in August, for the Autumn term, 1 st working week in January for the Winter term and 3 rd working week in April for the Summer term. PVI's continue to be paid on the 22 nd day, monthly as described in 3.2 below, except where these dates fall on a weekend, then they will then be paid the Friday before these dates.	3.1 Budget share instalments Schools shall receive their budget share termly in advance in three set weeks: 4 th working week in August, for the Autumn term, 4 th working week in January for the Winter term and 3 rd working week in April for the Summer term. Providers of Early Education (schools, private, voluntary and independent sectors) will continue to be paid on the 22 nd day of the month when payment is due to them, except where these dates fall on a weekend, then they will then be paid the Friday before these dates.
3.2 Proportion of budget share payable at each instalment Schools shall receive their terms funding in advance 5/12th of their delegated budget share for the Autumn Term 3/12th for the Winter Term and 4/12th for the Summer term. Appropriate adjustments to the allocations will be made where the budget share of the school changes during the financial year. Closing and opening schools will receive their delegated budget share in proportions to match their respective timetable of closing or opening	3.2 Proportion of budget share payable at each instalment Schools shall receive their delegated budget share funding in advance in the following order 5/12th for the Summer term on April 4/12th for the Autumn Term in August and 3/12th for the Spring Term in December. Appropriate adjustments to the allocations will be made where the budget share of the school changes during the financial year. Closing and opening schools will receive their delegated budget share in proportions to match their respective timetable of closing or opening.
3.3.1 Interest on late budget share payments Interest will be added to late payments of budget share instalments, where such late payment is the result of LA error. The interest rate to be used will be the Bank of England base rate at the time when the payment was due.	3.3.1 Interest on late budget share payments The LA will make all reasonable efforts to ensure that budget shares are paid in accordance with the timelines shown in paragraph 3.2 above. There may be the odd occasions where payments may be made later than expected, but this will be kept to a minimum. In these rare instances, the LA will not be charged any interest for late payment.
3.5 Banking and building society accounts Schools may have bank accounts for budget share purposes which are in the name of the school rather than the LA; but the LA can continue to have arrangements negotiated with certain banks whereby the accounts are in the name of the LA but specific to each school, and offer such arrangements to schools. If schools use the Council's banking facilities, they will be bound by regulations issued from time to time by the Director of Finance, Investment and Risk and S151 Officer. All arrangements with the Council's bankers shall be made by the Director of	3.5 Banking and building society accounts Schools may have bank accounts for budget share purposes which are in the name of the school but noting the overriding interest of the LA. Otherwise, maintained schools can only have bank accounts where the LA have arrangements negotiated with certain banks whereby the accounts are in the name of the LA but specific to each school. Irrespective of whether schools LA banking facilities or not, maintained schools will be bound by regulations issued from time to time by the Corporate Director of Resources. All arrangements with the Council's bankers shall be made by the Corporate Director of Resources. In most cases, it is

Finance, Investment and Risk and S151 Officer. It is anticipated that all schools will continue to operate their own bank accounts.	anticipated that all schools will continue to operate their own bank accounts.
3.6 Borrowing by schools Governing bodies may only borrow money (which includes the use of finance leases) on behalf of their school when they have 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. Schools are not permitted to use credit cards and overdraft as this is a form of borrowing. The use of some procurement cards, issued by the Local Authority, is permitted provided schools take note of LA guidance contained in the <i>local financial documentation on Finance Matters</i>. 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 authority when repaying loans. This provision does not apply to loan schemes run by the authority (see section 4.10).	3.6 Borrowing by schools Governing bodies may only borrow money (which includes the use of leases) on behalf of their school when they have 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. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent. The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of 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. 3.6.1 Schools are not permitted to use credit cards and overdraft as this is a form of borrowing. The use of some procurement cards, issued by the Local Authority, is permitted provided schools take note of LA guidance contained in the <i>Annex A - local financial documentation on Finance Matters</i>. This restriction does not apply to Trustees and Foundations, whose borrowing, as private bodies makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the authority when repaying loans. 3.6.2 This provision does not apply to loan schemes run by the authority (see section 4.10).
4.5 Planning for deficit budgets Schools should not plan for a deficit budget, unless the criteria indicated in 4.9 are met.	4.5 Planning for deficit budgets Schools should not plan for a deficit budget, unless the criteria indicated in paragraph 4.9 are met. Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year.
4.7 Writing off deficits Croydon Council cannot write off the deficit balance	4.7 Writing off deficits

of any school. In exceptional circumstances, where the LA decides to support a school in difficulty, it will do so from the Schools Budget (funded from the DSG) set aside specifically for that purpose, subject to any conditions that may be placed on such sums, such as an increase in the central expenditure limit.	Croydon Council cannot write off the deficit balance of any school.
4.9 Licensed deficits In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there: - is a significant unforeseen decrease in pupil numbers - is a significant over-projection in pupil numbers. - are extreme circumstances that could not be foreseen or catered for by the school The school must agree an action plan with the LA (authorisation from the Director of Finance, Investment and Risk and S151 Officer) in order that a non-deficit budget can be set at the end of a specified period. Full details will be contained in the Croydon financial documentation on Finance Matters (see Annex A and Annex H). The maximum size of any deficit that may be agreed will be 20% of the school's budget share and the minimum £10,000. The maximum proportion of the collective balances held by the LA that will be used to back the arrangement will not exceed 40%. The plan to put the school back into surplus must not exceed three years. Balances held by a school in an external bank account remain the property of Croydon Council, and may be taken into account in assessing the overall level of loan, which it might wish to make to the school. However, the view of the school is sought if the LA should take it into account in this way, so as to provide assurance for both LA and the school. Under the <i>deficit scheme</i> the only effect on the budget and out-turn statement 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 (usually one year), because the school has constrained its expenditure to effect the repayment. No 'payment' to the school is recorded. In the <i>case of loans</i>, a cash advance is awarded to the school to help it meet its commitment during the difficult period.	4.9 Licensed deficits 4.9.1 In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there: - is a significant unforeseen decrease in pupil numbers - is a significant over-projection in pupil numbers. - are extreme circumstances that could not be foreseen or catered for by the school 4.9.2 The school must agree an action plan with the LA (authorisation from the Corporate Director of Resources) in order that a deficit budget can be set at the end of a specified period. Full details will be contained in the Croydon financial documentation on Finance Matters (see Annex A and Annex H). The maximum size of any deficit that may be agreed will be 20% of the school's budget share and the minimum is £10,000. The maximum proportion of the collective balances held by the LA that will be used to back the arrangement will not exceed 40%. 4.9.3 The plan to put the school back into surplus must not exceed three years, and in exceptional circumstances may be extended to five years. Balances held by a school in an external bank account remain the property of Croydon Council and may be taken into account in assessing the overall level of loan, which it might wish to make to the school. However, the view of the school is sought if the LA should take it into account in this way, so as to provide assurance for both LA and the school. 4.9.4 Under the <i>deficit scheme</i> the only effect on the budget and out-turn statement 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 (usually one year), because the school has constrained its expenditure to effect the repayment. No 'payment' to the school is recorded. In the <i>case of loans</i>, a cash advance is awarded to the school to help it meet its commitment during the difficult period. 4.9.5 The LA may fund a licenced deficit of a school over the duration of the period specified for the deficit to be repaid (in accordance with paragraph 4.3 above). Such deficit funding will be subject to an agreement (the agreement) between the LA and the governing body of the maintain school. Such funds will be from the surplus balances of other maintain schools budget share. Where this is the case, interests may be charged on balances outstanding at the end of each term (or any other regular period as may be specified) in accordance with the agreement.

	4.9.6 If the school decides to convert to an academy in the future, the deficit funding balance will be required to be either repaid in full or transferred to the academy as part of the conversion process. A full repayment plan must be set out in the initial business case and agreed to prior to any funds being advanced. If the schools' performance differs to the business plan, the deficit funding may be withdrawn.
Consultation with the authority – Financial Aspects 13.3 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the LA, and have regard to advice given to them by their LA. Consultation should include the Education Finance Team. 13.4 Schools are required to seek Croydon Council's advice. This information will be contained in the <i>local financial documentation on Finance Matters</i>. 13.5 Croydon Council will provide advice within a reasonable time and at no charge. Schools are required to inform the LA about what action has been taken following the LA's advice. Funding agreements – Authority Powers 13.6 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 on the provision. A very wide range of bodies and organisations are potentially involved. 13.7 Croydon Council's requirements in relation to funding agreements with third parties (as opposed to funding agreements with the LA itself) are described in the Croydon financial documentation on Finance Matters. This will describe the requirement that any such proposed agreement should be submitted to the LA for its comments; and may impose a time requirement for doing so to give the LA adequate notice. However, Croydon Council do not have the right of veto such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires Croydon Council consent to the agreement for it to proceed, such a requirement and the method by which Croydon Council 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 LAs 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 LA, or has been concluded without informing the LA, which in the view of the LA is seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the right to a delegated budget. 13.8 In some instances, in order to protect the	13.3 Consultation with the 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. 13.4 Croydon Council's requirements in relation to funding agreements with third parties (as opposed to funding agreements with the LA itself) are described in the <i>local financial documentation on Finance Matters</i>. This will describe the requirement that any such proposed agreement should be submitted to the LA for its comments; and may impose a time requirement for doing so to give the LA adequate notice. However, Croydon Council do not have the right of veto such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires Croydon Council consent to the agreement for it to proceed, such a requirement and the method by which Croydon Council consent is to be signified is a matter for that third party, not for the scheme. 13.5 The Secretary of State does not consider that it is appropriate for LAs to have a general power of veto for these agreements. However, if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the LA is seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the right to a delegated budget. 13.6 In some instances, in order to protect the financial interests of LA, the LA might insist that the facilities should be run through a limited liability company and/or by obtaining indemnity insurance for risks associated with the project. These requirements are described in the <i>local financial documentation on Finance Matters</i>. This provision will operate in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks. 13.7 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 LA may, if it wishes, propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the LA's scheme, the Secretary of State will adopt a principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial

financial interests of LA, the LA might insist that the facilities should be run through a limited liability company and/or by obtaining indemnity insurance for risks associated with the project. These requirements are described in the <i>local financial documentation on Finance Matters</i>. This provision will operate in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks. 13.9 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 LA may if it wishes propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the LA's scheme, the Secretary of State will adopt a principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of Croydon Council or school, or to protect pupil welfare or education. Supply of Financial Information 13.10 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 LAs as their main source of information for the financial aspects of community facilities. However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share). 13.10a Schools are required to provide financial performance returns for the facilities for the previous six months and on an estimated basis, for the next six months. These requirements are described in the <i>local financial documentation on Finance Matters</i>. 13.11 If Croydon Council 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 then it will take the following action. It will give notice to the school that it will require such financial statements to be supplied every three months and, if the LA sees fit, to require the submission of a recovery plan for the activity in question. These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the LA as to the financial reporting requirements arising from the funding in question.	position of Croydon Council or school, or to protect pupil welfare or education. 13.8 Supply of Financial Information 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 LAs as their main source of information for the financial aspects of community facilities. However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share). 13.8.1 Schools are required to provide financial performance returns for the facilities every six months. The report should include the actual financial information for the previous 6 months as well as on an estimated basis, for the next six months. This means there will be a rolling 12 months' worth of financial information at any given time. The time and month that his report is required will be communicated to schools at the beginning of the agreement. These requirements are described in the <i>local financial documentation on Finance Matters</i>.
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13.23 Croydon Council allows schools to use one bank account for budget share and community facilities, with adequate controls to identify and account for use of each fund and not to use delegated funds to subsidise community facilities	13.19 Banking Croydon Council allows schools to use one bank account for budget share and community facilities, with adequate controls to identify and account for use of each fund and not to use delegated funds to subsidise community facilities. The council preference however would be for schools to have a separate bank account for community facilities purpose.
	Annex D The following schools have been removed from the list of maintained schools: - Regina Coeli RC Primary - Kenley Primary, Orchard Way Primary - The Minster / Parish Church Juniors - The Minster / Parish Church Infants - Woodcote Primary - Saint Andrew's C of E High - Coloma Convent - Virgo Fidelis Saffron Valley
ANNEX G – DSG Blocks & NFF formula factors • The 4 funding blocks within the DSG: – Schools Block (Funds the ISB) Individual School budgets are formed through the use of a formula – Early Years Block. Funding is provided on a per pupil basis (different values for 2 year olds to 3-4 year olds) and is allocated out through a locally derived formula – High Needs Block. A block of funding was ring-fenced to cover high needs the amount has remained around flat despite annual demand growth of around 5%. – Central Schools Services Block – to fund education services carried out by the LA and cover historic commitments • Each block's calculation is based on a different national formula • 99.5% of the schools block will be ring-fenced and must be distributed through the local formula for schools. • The schools NFF comprises of 14 factors – the minimum per pupil level is an additional factor to the 13 included in the original proposals by the DfE	ANNEX G – DSG Blocks & NFF formula factors G1. There are four funding blocks within the DSG: - Schools Block – uses formula to fund the budget of all mainstream schools (called Individual School budgets - ISB). - Early Years Block – Individual School budgets. Funding is provided based on hours taken up by parents with providers (participation). There are different rates for under 2 (U2), two year olds (2YO) and 3 & 4 years old (3&4 YO). Funding is allocated through a locally derived formula. - High Needs Block. A block of funding was ring-fenced to cover funding for pupils with Special Education Needs (SEN) in both mainstream and specialist provisions. The increase in this pot of funding has not been commensurate with the increased demand and level of needs presenting. - Central Schools Services Block – to fund statutory education services for all schools carried out by the LA and includes historic and on-going commitments. G2. Each block's calculation is based on a different national funding formula (NFF). G3. 99.5% of the schools block will be ring-fenced and must be distributed through the local formula for schools.
ANNEX H 2. A School's projected carry forward enters a deficit position during the financial year A. The Chair of Governors contacts the Local Authority Finance Department as soon as the School enters a deficit position to discuss the position.	ANNEX H The process for schools seeking to set a deficit budget is as follows: H.3. For a School submitting a proposed deficit budget at the beginning of the financial year. The following processes must be followed:

B. If the projected deficit is less than £10k and the school anticipates that they will have a balanced budget within 3 months a licensed deficit Proforma is not required but monthly financial returns are required. C. If the amount increases above £10k or the time in deficit increases to greater than 3 months then a licensed deficit Proforma must be submitted, and points (d) to (e) below will apply. D. A recovery plan using the prescribed pro-forma link above must be completed and agreed by (1) the Director Children Families and Education. (2) the Director of Finance, Investment and Risk and S151 Officer E. The Director of Finance, Investment and Risk and S151 Officer will review and co-ordinate the approval as detailed below:- (1) Deficits under £100k to be approved by the Head of Finance & Deputy S151 Officer(2) Deficits over £100k to the Assistant Chief Executive F. The School will provide a monthly return to the same standard as the quarterly returns demonstrating action and progress to recover the deficit position and until the deficit is resolved. G. The School must agree with the LA an acceptable level of support for the preparation of the monthly returns. 3. A school which finds itself in a deficit position without firstly notifying the Local Authority will have a delegated budget review and face the prospect of losing the delegated budget status. 4. A School that is unable to present a recovery plan that leads to a balanced budget over a two year period may lose its right to a delegated budget.	H3.1. A recovery plan using the prescribed pro-forma (see link at H1.1. above) linked above must be completed and agreed by: (1) the Director of CYPE, and (2) the Corporate Director of Resources. H3.2. The Corporate Director of Resources (or his/her appointed representative) will review and co-ordinate the approval as detailed below: A. Deficits under £100k to be approved by the Deputy S151 Officer and Director of Education. B. Deficits over £100k to the Director CYPE and Director of Resources. H3.3. All schools in financial deficit (whether formally approved or not) will be required to provide a monthly return to the same standard as the quarterly returns demonstrating action and progress to recover the deficit position until the deficit is fully recovered and repaid. H3.4. Schools seeking permission to set a Licensed Deficit Budget can purchase their financial support from a provider of their choice but must seek approval from the Local Authority to use that provider. H4. A School's forecast carry forward enters a deficit position during the financial year. H4.1. The Chair of Governors should contact the Local Authority Finance Department as soon as the school knows the forecast position is going to result in deficit, to discuss the position. H4.2. If the projected deficit is less than £10k and the school anticipates that they will have a balanced position within 6 months or the end of the financial year (whichever is shorter), a licensed deficit Proforma is not required but monthly financial returns are required. H4.3. If the amount increases above £10k or the time in deficit increases to greater than 6 months then a licensed deficit Proforma must be submitted, and process outline in H3. Above will be followed. H5. A school which finds itself in a deficit position without firstly notifying the Local Authority may have their delegated budget reviewed and face the prospect of losing the delegated budget status. H6. A School that is unable to present a recovery plan that leads to a balanced budget over a three-year period may lose its right to a delegated budget.
<u>ANNEX J – Access for Schools to Make Online Payments by Bankline</u> A number of maintained schools have requested that the LA makes a process for undertaking	<u>ANNEX J – Access for Schools to Make Online Payments by Bankline</u> J1. A number of maintained schools have requested that the LA makes a process for undertaking online

online payments available to them (currently they undertake payments via cheque). The online banking facility will be made available to maintained schools who bank within the LA's banking arrangements (i.e. Schools within the Council's "Schools Group"). 1. Bankline - Online Payments Appendix A outlines what Bankline can offer to schools, in terms of online payments.	payments available to them (currently they undertake payments via cheque). The online banking facility will be made available to maintained schools who bank within the LA's banking arrangements (i.e. Schools within the Council's "Schools Group") currently with Natwest. Schools operating non-Natwest accounts can also set-up online payments specific to their school but must follow the principle described later in this document. J1.1 Any school that requires access to Bankline access will complete forms B1 B2. Once this is done, the Schools Finance team will take necessary step to set the school up on Bankline and provide the school with access. This includes being provided with a card, card reader and PIN. J1.2 This will involve the creation of a user id which will then lead allow school to generate an authorisation code when login into Bankline for the first time. J1.3 Completion of form B2 is required for those schools that want to make payment on Bankline. J1.4 As in the operation of normal bank account, only school staff are allowed to have access to Bankline or to make payment from it. However, all forms must be discussed with and approved by governing bodies. J2. Bankline - Online Payments Appendix A outlines what Bankline can offer to schools, in terms of online payments.
2.1 Access Four individuals should be identified within each school, the individuals should all be full Council employees (i.e. not a governor, unless a staff governor and not agency staff) and at least two of these individuals should be in a senior position (ie Bursar / Finance Manager / Headteacher/). Ideally, these four individuals should already be on the School's bank mandate as signatures. All four will be allowed input access for the 'Faster / Standard' and 'Chaps' types of payments for their own school bank account only. All four employees can be set up as an authoriser access but they will only be able to authorise transactions input by others. (The bankline system will be set up to ensure they are not able to input and authorise a particular transaction).	J4.1 Access Four individuals should be identified within each school, the individuals should all be full Council employees (i.e. not a governor, unless a staff governor and not agency staff) and at least two of these individuals should be in a senior position (i.e. Bursar / Finance Manager /School Business Manager/Deputy (or Assistant) Head/ Headteacher/). Ideally, these four individuals should already be on the School's bank mandate as signatures. All four will be allowed input access for the 'Faster / Standard' and 'Chaps' types of payments for their own school bank account only. All four employees can be set up as an authoriser access, but they will only be able to authorise transactions input by others. (The banking system will be set up to ensure they are not able to input and authorise the same transaction).

6.Import directly from a school's ledger system into bankline is not permitted as such imports can be manipulated, undertaking such activity would increase the school's risk of fraud to an unacceptable level.	6.Import directly from a school's ledger system into Bankline is permissible using Bankers Automated Clearing Services (BACS). BACS process is described separately later in Appendix B to this Annexure. Any other import of payment directly from a school's ledger system into Bankline (or other form of online banking system) is not permitted as such imports can be manipulated, undertaking such activity would increase the school's risk of fraud to an unacceptable level.
8.Where a payment is processed but later rejected, this will be credited back to the schools bank account and will appear on their bank statement. This should be dealt with as follows: ○ This should be captured as part of the bank reconciliation as an outstanding item - the bank balance will differ to that of to the bank balance on the ledger ○ The payment should be reversed through the ledger to bring the bank and ledger into balance, and re-instating the creditor ○ The bank should be contacted to find out why the payment was rejected ○ The Supplier should be contacted A new payment should be processed, with details updated from discussions and confirmation of changes by both the bank and the supplier.	8.Where a payment is processed but later rejected, this will be credited back to the school's bank account and will appear on their bank statement. This should be dealt with as follows: ○ This should be captured as part of the bank reconciliation as an outstanding item - the bank statement balance will differ to that of to the bank balance on the ledger ○ The payment should be reversed through the ledger to bring the bank and ledger into balance, and re-instating the creditor ○ The bank should be contacted to find out why the payment was rejected ○ The Supplier should be contacted Once satisfied that the payment still needs to be made and all other errors resolved, a new payment should be processed, with details updated from discussions and confirmation of changes by both the bank and the supplier.
	Appendix 2 has been added
ANNEX L Transactional and Credit Limits It is recommended that Pcard limits are set at £500 per single transaction and at £2,500 for monthly credit limits. Higher limits can only be granted by agreement and approval at a meeting of the Full Governing Body (FGB). It is recommended that all card holder limits are reviewed on an annual basis by the FGB. It is also recommended that there is an independent review of the appropriateness of transactions. It is recommended that this review is carried out by the Head Teacher (where they are not the card holder or the Chair of the Finance Committee where the Head Teacher is the card holder.	ANNEX L L2. Transactional and Credit Limits L2.1 It is recommended that Pcard limits are set at £500 per single transaction and at £5,000 for monthly credit limits. Higher limits can only be granted by a business case signed off at the Full Governing Body (FGB) of the school and submitted to the Governance Team explaining why there is a business requirement for a higher limit. L2.2 It is recommended that all card holder limits are reviewed on an annual basis by the FGB. It is also recommended that there is an independent review of the appropriateness of transactions. It is recommended that this review is carried out by the Head Teacher (where they are not the card holder or the Chair of the Finance Committee where the Head Teacher is the card holder.

Any exemption for any of the above requires approval in advance from the FGB. This approval should be documented and retained by the card holder as part of the audit trail.	L4.3 Any exemption for any of the above requires approval in advance from the FGB. This approval should be documented and retained by the card holder as part of the audit trail. Where in doubt please contact the Council's Governance Team
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