

Permitted Areas against which School Balances can be Committed Against - Annex B

Area		Maximum Value?	Maximum timescale?	Expected Evidence Required & Other controls – <i>the following text provides schools with the sort of controls that should be in place and although compliance will not be monitored as a matter of course by the LA, the Internal Audit team will expect to see a clear audit trail during their visits and the Finance team will undertake random checks on those schools which carry relatively high or low balances to ensure financial management arrangements are robust.</i>
1a	Specific Premises Improvements	No	3 years	<i>The LA will expect all expenditure in this category to be directly linked to the school's Asset Management Plan and that details of all schemes above £50k will be included in school improvement plans. Schemes may include works to the school, Children Centre or Nursery and should be specified.</i>
1b	<i>Provision for unplanned premise maintenance works</i>	No	On-going	<i>Schools which earmark funds against this must operate from premises which are acknowledged by the LA Property services team as being inherently problematic due to age, complexity, layout, design or construction. The LA would support loan applications from these schools to allow proactive planned works to be undertaken to reduce the risk of breakdown or urgent repairs being needed in future years. The level of funds held for this purpose will be reviewed and the LA will expect schools in this category to maintain robust Asset Management Plans</i>
2	ICT Investment	No	3 years	Any investment must already be shown in school improvement plans
3	<i>Workforce restructuring – one off costs</i>	No	1 year 3 years	Any spending attached to this (<i>redundancy and/or early retirement costs</i>) must already be shown in school improvement plans Where restructurings result in salary protection arrangements, schools may earmark balances to fund such costs over three years

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4	Commercial / Traded activities	No	1 year	<i>In setting funds aside in this category schools should provide an overview on how these funds have accumulated and how they are to be reinvested</i>
5	Commissioned Services	No	1 year	<i>In setting funds aside in this category schools should provide an overview on what service they have been commissioned to undertake, explain why funding received in the year was not fully spent, and set out how and when funds are to be spent.</i>
6	Funds held on behalf of clusters	No	1 year	<i>In setting funds aside in this category schools should provide an overview on what cluster funding they hold, explain why funding received in the year was not fully spent, and set out how and when funds are to be spent.</i>
7	Other specific projects	No	3 years	Details of all proposed projects must be included in school improvement plans so they can be reviewed by the Schools Forum
8	Maintenance of staff absence reserve	% of employee budget	Annual contribution review	Value of earmarked balances plus any insurance premium must not exceed 5% of the employees budget <i>for a primary or special school or 2% for a secondary school</i>
9	Setting the new year budget	No	1 year	Budgets submitted by schools must clearly show that planned spending in the year (excluding earmarked items) will exceed funding received in that year and that brought forward balances are required. Funds allocated for this purpose strongly indicate that the schools cost base needs to be reduced to match annual resources – this will prompt contact from the LA Finance Team to ensure the school is taking action to remain financially sustainable.
10	Purchase orders raised in the old year but goods delivered in the new year	No	3 months – unless exceptional circumstances	Evidence that orders were placed prior to 1 st April. Budgets submitted by schools must clearly show the funding allocated to pay for these goods and services