

General

From April 2011 a school may use their delegated budget to fund community facilities.

Mismanagement of scheme

Mismanagement of community facilities funds may be grounds for suspension of the right to a delegated budget.

Consultation with the Authority financial aspects

Before exercising the community facilities power, governing bodies must consult the Authority, and have regard to advice given to them by the Authority.

Funding agreements

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

Any proposed funding agreements with third parties should be submitted to the Authority for comments at least two weeks before signing, so as to give the Authority adequate notice. There is no right of veto for the Authority on such agreements, either directly or through requiring a right to countersign the agreement.

Other restrictions

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

Supply of financial information

Schools which exercise the community facilities power will be required to provide the Authority every six months with a summary statement, in a form determined by the Authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

The Authority may, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities

power, require such financial statements to be supplied every three months and, if the Authority see fit, to require a recovery plan for the activity in question.

Audit

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

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

Income and surpluses

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

Schools will be allowed to carry forward such retained income from one year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance,

Health and safety

The health and safety provisions of the main scheme extend to the community facilities power.

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

Insurance

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

The Authority may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school budget share.

Taxation

Schools should seek the advice of the Authority and the local VAT office on any issues relating to the possible imposition of VAT on expenditure and income in connection with community facilities.

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

Banking

Schools should either maintain separate bank accounts for budget share and community facilities, or hold one account but with adequate internal accounting controls to maintain separation of funds.

Schools are required to follow the approach to banking matters as outlined in the main scheme.

Schools are not allowed to borrow money without the written consent of the Secretary of State.