



West Lothian Council

Financial Management Unit

Devolved School Management Finance Manual Secondary Sector

August 2014

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SECTION 1: INTRODUCTION TO DEVOLVED SCHOOL MANAGEMENT

1.1 The Objectives of DSM

Devolved School Management was first introduced in local authorities in 1994. The underlying objective was to enable decisions, relevant to the day to day management of school education, to be made at a local level. Each local authority had flexibility to determine their scheme of Devolved School Management, on the basis of clearly detailed allocation criteria. The scheme adopted by West Lothian Council, predominantly makes reference to pupil numbers but also takes into account other significant factors including local and social circumstances. In order to streamline administrative arrangements across the council, all property related budgets have been managed centrally since April 2010.

1.2 Financial Year and Issue of Budget Statements

The financial year runs from 1st April to 31st March and spans two academic years. Budget statements are issued to schools at the commencement of the financial year and updated at specific intervals to take account of changes within the academic year. A second statement is issued at the start of the academic year to confirm probationer allocations. A third statement is issued in autumn following the Scottish Government census. If there are any further funding movements, particularly in relation to learning support, schools will receive a final statement in February.

In line with the council's Financial Regulations all services, including schools, are required to submit financial forecasts at the end of month 4, 6 and 9 for reporting to the Council Executive. A further forecast is required mid-February from schools in relation to projected carry forward balances.

Following completion of the council's final accounts, carry forward figures are confirmed with schools prior to the summer vacation.

1.3 Budget Statements and Pupil Rolls

Within the secondary sector, budget allocations for April to July are based on actual school rolls per the previous September school census figures. August to March budgets are based on projected pupil numbers (based on information from Pupil Placement) until actual school rolls are confirmed following the Scottish Government census. A 1% tolerance is then applied to projected figures and if movements are greater than +/- 1%, adjustments are made to the August to March allocations falling outwith the tolerance level.

1.4 Expenditure Records

Records of expenditure must be maintained in each school for all delegated budgets. Within schools the authority's financial ledger, CedAr e5, records all relevant income and expenditure items. This system is fully integrated with the e-Procurement system (PECOS) to enable the monitoring of committed expenditure (orders) as well as actual expenditure (invoices paid).

A statistical recording system, based on average salaries, has been developed for the control of staffing costs. The information recorded on the staffing system should reflect the information (hours, start & end dates) recorded on the authority's HR/Payroll system, CHRIS.

Imprest expenditure should be recorded on an Excel spreadsheet and reconciled to bank statements on a regular basis (see appendix B). Expenditure is posted to the financial ledger after a reimbursement claim is received by the Financial Management Unit.

1.5 Average Salaries

Monitoring of staff costs based on average salaries was introduced in Scotland to ensure that there were no financial incentive to schools to replace experienced teachers at the top of their salary grade with less experienced teachers. Under the average salary system, the school pays a standard cost per teacher, irrespective of the salary grade of any individual teacher. Average salaries are reviewed

each year to take account of pay indexation, incremental drift and any National Insurance or Superannuation changes.

1.6 Budget Virement

Head Teachers are permitted to divert monies between fully delegated budgets. Such budget transfers are known as virements. The Financial Management Unit will request details of such realignments and amend ledger budgets to reflect anticipated spending trends.

1.7 Carry Forward of Year-End Balances

Under the DSM scheme, schools may carry forward over or under spends at the end of each financial year. The carry forward is calculated by determining the net expenditure position on all devolved budget headings at as 31st March. In determining a school's carry forward balance, staffing figures are based on average salary costs as recorded on the school staffing system and reconciled to payroll records as appropriate. Non-staffing expenditure is based on balances recorded in the authority's financial ledger.

The maximum under-spend that may be carried forward is set at 2.5% of all fully devolved budget headings. Any balance greater than the 2.5% threshold is not available to the school in the following year.

Any overspend is carried forward in full and no maximum threshold is applied. Head Teachers are advised to avoid material overspends and to ensure that resources are managed effectively.

Schools may wish to use this carry forward not only for on-going revenue expenditure but may also wish to save towards a longer term planned objective such as school refurbishment etc.

SECTION 2: LINEAR MODEL ALLOCATIONS

2.1 Linear Model Allocations

A Linear Model is used to allocate the greater majority of resources to secondary establishments in respect of basic staffing budgets and miscellaneous supplies. Schools have local flexibility to determine how these resources are used in curriculum delivery.

The Linear Model is predominantly driven by pupil roll. Actual pupil rolls (in line with Scottish Government census figures) are utilised to calculate budget entitlement for the period for April to July. Projected rolls (based on information from Pupil Placement) are used to calculate entitlement for the period August to March. A 1% tolerance threshold is applied to projected figures and on publication of Scottish Government census figures, adjustments are made to budgets in accordance with the movement in roll over or under the stated threshold.

Linear Model allocations are made on the following basis:

2.2 Teaching Staff

All secondary schools are allocated a common fixed element as detailed in the table below. Each school will receive a further allocation based on pupil roll. Schools with pupil numbers in excess of 850, receive an additional top up element, dependent upon pupil numbers.

Fixed Element

POST	HT	DHT	PTC	T
F.T.E	1.0	2.0	9.0	12.24

Variable element

Average Pupil Roll x 0.0459T

Variable top-up element

(Average Pupil Roll - 850) x 0.0160T

2.3 Administrative Support Staff

All secondary schools are allocated a fixed element, equivalent to 1 FTE Administrative Officer post. Each school receives a further variable allocation according to pupil roll. This budget allocation is to fund pupil support assistants, administrative and clerical staff, general school auxiliary staff, dining room supervisors, technicians, school librarians and associated absence cover.

Fixed Element 1 FTE Administrative Officer

Variable element Average Pupil Roll x 0.007464 WLG SCP 57 (plus on-costs)

Variable element amended April 2014 to cover schools contribution to centralised IT network technician posts.

2.4 Supplies and Services

An allocation of £55 per pupil is made in respect of Supplies and Services.

Allocation previously £75 amended for centralisation of Printing & Consumables April 2014.

Relevant expenditure to be funded by this budget allocation would include: educational supplies, staff development, and purchases of health and hygiene materials and pest control. Printing costs managed centrally and no longer included in devolved budgets. A fixed amount, £6,945, is deducted from the total supplies and services budget prior to budget allocation to cover central fixed charges in respect of TV Licences (£145), Groupcall (£960), postage (£3,047), Campus Travel (£1,000) and Creatis (£1,793).

SECTION 3: TEACHING STAFF

3.1 Basic Staff Complement

Schools have flexibility within their available resources to determine their basic staffing complement. The basic staff complement consists of the core teaching establishment at a school, encompassing: Head Teacher, Depute Head Teacher, Curricular Leaders and Teachers as well as any conserved posts following implementation of McCrone, “A Teaching Profession for the 21st Century”.

Although the Linear Model provides a mechanism for allocating budgets to schools, it is not prescriptive in determining the total teaching FTE or the promoted structure within the school. Schools have flexibility, within available resources, to determine the appropriate structure to meet the needs of pupils.

3.2 Class Contact Time

With effect from August 2006, the maximum class contact time for a secondary class teacher is 22.5 hours. The relevant figures relating to full time equivalent teaching posts is contained within the table below.

3.3 Probationer Class Contact Time

In line with teachers’ terms and conditions agreement, probationer teachers must have a maximum class contact time equivalent to 0.82 of a full time teacher. Based on a class contact time of 22.5 hours, this equates to 18.45 hours per week. Probationers are determined as “core” where a school has a teaching vacancy, and requests and finances the post from within the school budget. Probationers are classified as “fully funded” where the authority receives additional grant funded probationers and allocates them to schools.

Each school, which has a core probationer, receives an additional allocation of 0.18 FTE for probationer non-class contact time and 0.1 FTE for mentoring. These allocations are based on a probationer’s salary to reflect the actual costs charged to school for non-class contact time. The 0.82 FTE class contact time is met from within the school’s teaching staff entitlement and the cost of the probationer’s class contact time is charged to the school at the average salary of a teacher. Where a “pointage” vacancy exists in a school, the school may also request that a probationer be appointed and will receive additional top-up funding as appropriate.

Where a school is entitled to a ‘fully funded’ probationer, an additional allocation of 1.1 FTE, which includes 0.1 FTE for mentoring, is provided. This allocation is additional to the schools basic teaching staff complement and is directly funded by the Scottish Government at a probationer’s salary scale point.

3.4 Special Class

Pupil Numbers and Special Classes

The maximum number of pupils per teacher for individual special classes is outlined in the table below.

Class	Numbers
Moderate/profound learning difficulties	10
Severe physical or learning difficulties	8
Significant hearing/visual impairment	6
Communication & Language	6
Social, emotional & behavioural difficulties	6

SECTION 4: TEACHERS ABSENCE COVER

4.1 Sickness Absence

School Funded Absence Cover is defined as up to and including the 17th working day of absence. Once an individual has been absent for 18 days or more the absence becomes Centrally Funded Absence Cover and is funded from central monies.

The Linear Model contains a 3% allowance for absence cover within the teaching staff allocation. With effect from 1st April 2006, a 1.5% enhancement was made to school budgets. The formula for calculating the enhanced rate is shown below.

Resulting from changes to teachers terms and conditions implemented at 1st August 2011 additional absence cover budget will from 1 April 2012, be allocated using scale point 1 on the teacher's salary scale. Further top-up element of 6.2% added April 2014.

Rate	= (12.24 + (0.0459 x pupil roll)) x 100/103 x 1.5% x 6.2%	charge to
▪ All school core vacancy cover		045001
▪ Maternity cover		045001
▪ School Funded Accrued Maternity Leave		045001
▪ Short Term Absence Cover		048201
▪ All school funded sickness absence		048301
▪ All centrally funded sickness absence cover		048401
▪ Other school funded absence cover		048501
▪ Other centrally funded absence cover		048601

These subjective codes are reflected on the supply teachers claim forms.

4.2 Maternity Absence

The council will meet the cost of teachers on maternity leave until the date that they return to school (subject to the conditions outlined below). Schools will meet the cost of any supply cover brought in during the period of maternity leave.

Introduction of new Terms and Conditions for teachers on 01 August 2011 has reduced teacher's annual leave entitlement from 66 days to 40 days. Teachers' annual salary is now calculated over 235 days (195 teaching days and 40 days annual leave) with 26 unpaid "closed" days. There is no overall change to salary levels.

Accrued leave may be taken in two parts, either term time leave or during designated closed days. A maternity calculator is used to determine the total days accrued, the number of days statutory leave to be taken during term time and the balance to be directed to closed days. After consideration of statutory leave requirements, accrued leave in the first instance must be directed to designated closed periods. Teachers taking accrued leave during closed periods will be entitled to salary payment.

The council will meet the cost of staff undertaking a period of accrued leave where annual leave immediately follows the period of maternity leave. If the school agrees a phased return to work or agrees to term time leave rather than directing leave to be taken during designated closed days, then the school will become responsible for meeting both the cost of the supply teacher and the accrued leave period. Further details are contained in appendix A.

4.3 Keeping in Touch Days

Schools will also meet the cost of any "Keeping in Touch" days that a teacher may use during a period of maternity leave. Cost will be charged to normal basic pay subjective and school cost centre and should be recorded on the school staffing system under additional payments.

4.4 Absence Cover

Teaching Absence Cover	School / Centrally Funded	Ledger Code
0 – 2 days	School/Centrally	048201
0 – 17 days	School	048301
18+ days	Centrally	048401
Maternity Leave	School	048501
Maternity/Paternity Support	School	048501
Keeping in Touch Days	School	045001
Antenatal Care	School	048501
Adoption Leave	School	048501
Staff Development	School	048501
Staff Development	Centrally	048601
Relocation (Moving)	School	048501
Job Share In-service Days	School	048501
Retirement Training	School	048501
Jury Duty	Centrally	048601
Witness at Court (Paid)	Centrally	048601
Witness at Court (Unpaid)	Centrally	048601
Union Duties	School	048501 (Budget Provision)
Planned health care young Child	School	048501
Illness of a dependant	School	048501
Serious Illness of dependant	School	048501
Bereavement Leave	School	048501
Funeral Attendance	School	048501
Hospital Appointment	School	048501
Emergency dental/medical appointment	School	048501
Unauthorised absence (unpaid)	School	048501
TA leave/Armed Forces	Centrally	048601
Children's Panel	Centrally	048601
Suspended with Pay	Centrally	048601
Suspended without Pay	School	048501

SECTION 5: ADDITIONAL SUPPORT NEEDS

Support for Learning Staff (Teaching & Non-Teaching)

5.1 Support for Learning

Schools receive budget allocations to support pupils with additional learning needs, which are formulae driven. Core allocations remain fixed over a three year period and allocated resources to employ pupil support workers and teachers in schools. Although the budgets are allocated in two distinct elements, schools have flexibility to determine the staff employed to work with children with additional support needs.

Some schools may receive other ad hoc allocations based on an assessment of any individual children with severe and complex needs. Additional ad hoc support to schools is reviewed annually.

5.2 Support for Learning - Pupil Support Worker

Each school receives a fixed allocation of 0.5 FTE. A further variable resource, based on relative roll and deprivation weighting, is then allocated to each school. The pupil roll is based on the number of pupils per the Scottish Government census. Deprivation is measured by SIMD (Social Indicators of Multiple Deprivation). With regard to SIMD, each school is allocated a weighting, indexed against the mean rank of the school with the lowest level of deprivation in the authority. Roll and SIMD weighting factors are then multiplied together to determine each school's relative share of resource.

Allocations for pupil support workers are based on a sessional arrangement of 45.4 weeks. A full time sessional member of staff equates to 0.8731 FTE.

5.3 Support for Learning - Teacher

These are based on historical assessments.

SECTION 6: NON TEACHING STAFF

6.1 Non-Teaching Staff

Administrative and pupil support staff, may be employed on full time or sessional contracts. Common sessional arrangements are based on 39 weeks employment, with 7.4 weeks paid holiday, where a full time (36 hour) sessional post equates to 0.8923 FTE. Where the post is employed for 38 weeks, this equates to 0.8731 FTE. Variants may exist for different hours or weeks worked per year.

Post	Hrs / Wk	Wks Worked	Holiday Wks	Public Holiday Wks	Total Wks	FTE
Full time	36	44.6	5	2.4	52	1.0000
Sessional Staff	36	39	5	2.4	46.4	0.8923
Sessional Staff	36	38	5	2.4	45.4	0.8731

6.2 Support Staff Absence Cover

No budget allocation is made to schools in respect of absence cover for non-teaching staff. Should the school require absence cover they must fund the cost of the long term absence cover for the first **4 weeks** irrespective of when that cover first began. Thereafter the education authority will contribute **50%** of the actual cover cost incurred with the school financing the remaining **50%**. In exceptional circumstances where prolonged absence causes financial difficulties, the Head of Service may consider exceptional circumstances. The following arrangements are summarised in the table below.

Absence Cover Analysis	Sick Admin	Cover
First 4 Wks of Absence	100%	100%
After 4 Wks and until employee goes on Half Pay	100%	50%
Administrative Staff on Half Pay	50%	50%
Administrative Staff on No Pay	0%	100%

6.3 Non-Teaching Staff - Maternity and Paternity Leave

Where a non-teaching member of staff goes on maternity or paternity leave, the school will meet the cost of any cover required and the authority will meet the associated cost of maternity or paternity pay. The substantive post should be charged centrally (9997) on the school staffing system for the full leave period and supply cover costs charged to the school.

When the member of staff returns to work (or commences their period of accrued annual leave) they should be recorded on the school staffing system. Costs relating to the cover of accrued leave for members of staff returning from maternity leave will require to be met by the school.

6.4 Dining Room Supervision

Teaching or non-teaching staff may undertake dining room supervision duties and the relevant budgets are contained within Linear Model allocations. The cost of five free meals should be accounted for if the cover provided is from the teaching staff. Operational Services will recharge schools with any meals over the entitlement.

6.5 Facilities Management Overtime

Where FM assistants undertake duties out with their standard working hours following a request from a Head Teacher, these costs must be met by the school. For example, a FM assistant may facilitate weekend maintenance work which can incur over-time costs. Related expenditure can be identified by codes prefixed **0202XX** on the financial ledger.

SECTION 7: OTHER BUDGET ALLOCATIONS**7.1 16 + Travel**

2014/15 budgets will be held and monitored centrally whilst the travel budget is being reviewed following the introduction of the senior school campus. Schools to contribute £1,000 annually from April 2014/15

7.2 SQA Examination Fees

The budget allocation is in respect of examination fees paid to the Scottish Qualifications Authority for entry charges to National Qualifications, Higher National Qualifications and Scottish Vocational Qualifications. Budgets are formula driven, linked to pupil rolls, number of presentations and SQA rates. The allocation is updated annually to take account of SQA price indexation.

Year Group	No. of Presentations	SQA Rate
S4*	tbc	National Qualifications
S5**	tbc	Higher/Advanced Higher
S6**	tbc	Higher/Advanced Higher

*S4 roll based on September Scottish Government Census

** S5 & S6 rolls based on January SEEMIS figures

7.3 Parent Council - Schools (Parental Involvement) Act 2006

The budget allocation is fully devolved and is only given to those schools which have a Parent Council.

The budget allocated for Secondary schools is £640 per annum and is used to cover expenditure such as clerk's expenses, travel expenses, training expenses and admin expenses.

7.4 Group Call – Text Messaging System

The annual subscription (£960 per school) is financed centrally by the council and covers up to 500 text messages per month. Schools meet the cost of any usage above this threshold and will be invoiced separately.

7.5 Use of Premises Income

Each school is set an individual target to generate income dependent upon the local facilities at the school and historical usage. Targets are updated annually in line with inflation and West Lothian Council policy on fees and charges. Where income exceeds budgeted targets, that income is available to the school to support Devolved School Management, subject to the overall carry forward position of the establishment.

The council's policy on the use of school buildings and charging structure must be adhered to. Where the building is opened for an extended let (beyond regular opening hours), additional FM charges may be incurred by the school or external user.

Schools are responsible for maintaining an appropriate booking register and raising accounts to external users on Accounts Receivable within CedAr e5. VAT must be appropriately accounted for and VAT guidance notes are contained in the attached appendix.

APPENDIX A

Teachers Absence Cover

1 Definition of Absence

- 1.1 Short term absence is defined as absences up to and including 17 working days. All absence cover during the first 17 working days must be funded by the school, irrespective of the number of days worked per week.
- 1.2 Long Term absence is defined as absences covering 18 working days or more. In circumstances where a member of teaching staff is absent for more than 17 working days cover will be funded from the centrally funded absence cover budget from day 18, irrespective of the number of days worked per week.
- 1.3 From 1 April 2014, when the duration of the absence covered by a teacher is less than two days, supply teachers will receive re-numeration at salary scale point 1 and will have restricted duties and a shorter working day of 5 hours including RCCT.
- 1.4 If more than one teacher is engaged to cover a period of absence, then the duration of the period covered by each teacher must be assessed with regard to the 2 day or less salary condition.

2 Costs incurred during Employee Absence

- 2.1 Where a member of staff is absent for a cumulative period of less than six months in a rolling twelve month period, the employee will be in receipt of full pay. Where the level of absence reaches the equivalent of six months cumulative absence within a rolling twelve month period, the employee will be in receipt of half pay. After a further six month absence period the employee will have exhausted any entitlement to pay.
- 2.2 Full employee costs are incurred until cumulative absence levels reach the point where an employee drops to half pay or no pay entitlement.
- 2.3 Different arrangements apply in relation to absence during maternity and paternity leave. In such circumstances, an individual's salary is based on the appropriate arrangements for maternity and paternity pay.

3. Cover Arrangements: Class teacher

- 3.1 During a short term absence, the school should continue to record the class teacher on the staffing system and also cost of the supply cover.
- 3.2 When implementing cover arrangements care should be taken to ensure that the correct contract is used for teachers employed to cover absences with duration of less than 5 days. Full guidance is available from HR including short term absence cover pro forma contracts.
- 3.3 In circumstances where a class teacher is on long term absence and a supply teacher comes in to cover, the supply teacher should be charged centrally and the teacher off sick should continue to be charged to the school. On the school staffing system, the teacher who is off sick should be recorded as a permanent member of staff and the supply teacher should be recorded as 9998.
- 3.4 There is no facility to bank days where a school cannot obtain appropriate cover.

4 Cover Arrangements: Promoted teacher

- 4.1 During a short term absence, the school should continue to record the promoted teacher on the staffing system and also cost of the supply cover.
- 4.2 In circumstances where a promoted member of staff is off long term sick and a supply teacher comes in to cover, the Principal Teacher (or other staff member) should continue to be charged to the school as a permanent member of staff. Supply cover costs should be charged centrally. This

arrangement is in accordance with actual costs incurred.

- 4.3 Where the school makes an acting up appointment, for example a class teacher that acts up to a Principal Teacher and a supply teacher covers the basic teaching post, the acting up allowance and the supply teacher costs should both be charged centrally. The sick Principal Teacher should continue to be charged to the school as a permanent member of staff. The additional costs incurred as a result of the acting up appointment and the appropriate cover costs are therefore financed centrally.
- 4.4 On the school staffing system, the promoted member of staff who is off sick continues to be recorded as a permanent member of staff. Where an acting appointment is made, the class teacher acting as a Principal Teacher remains coded as a permanent class teacher and the acting up allowance can be entered on the Principal Teacher sheet as a 9998. The supply teacher is recorded as 9998.

5. Cover arrangements in excess of six months absence

- 5.1 Where the absence exceeds the cumulative six month or twelve month threshold and the employee is in receipt of half pay or exhausts their entitlement to pay, the recording arrangements differ. A saving is realised in respect of the absent member of staff that requires to be offset against the additional costs incurred.
- 5.2 When the permanent member of staff is in receipt of half pay, they should be charged 50% to the school and 50% centrally (9998). The supply teacher should then also be charged 50% to the school and 50% centrally (9998). Note, the school will always be charged one salary. Any acting up allowance should also be equally split between the school and the centre.
- 5.3 When an individual has exhausted their entitlement to pay, they should be charged centrally (9998) and be replaced with person on supply cover. The acting up allowance should be charged 100% to the school.

6. Maternity and Paternity Cover

- 6.1 Where a teacher goes on maternity or paternity leave, the school will meet the cost of any cover required and the authority will meet the associated cost of maternity or paternity pay.
- 6.2 The substantive post should be charged centrally (9997) for the full leave period and supply cover costs charged to the school. When the member of staff returns to work (or commences their period of accrued annual leave) they should be recorded on the school staffing system as at the return to pay date on CHRIS.
- 6.3 If the teacher returning from maternity leave uses accrued leave to extend their period of absence then the cost will continue to be centrally funded. Code 9995 should be used to record the accrued leave period on the staffing system. Commencing with the return to pay date and ending on the return to school date. Any supply cost incurred by the school during the accrued leave period will be funded by the school.
- 6.4 Cost associated with accrued leave are monitored centrally and once the teacher completes their period of accrued leave the cost of the accrued leave period will be transferred to cost centre 30588. The BSM is no longer required to process the journal entry to transfer the costs.
- 6.5 **Where the school and the teacher agree to a phased return to work using accrued leave or agree term time leave that exceeds the balance of accrued leave available during term time then both the cost of the absent teacher and any supply cost incurred will be borne by the school.**
- 6.6 To determine the split between term time and paid accrued leave please consult the Accrued Leave Calculator issued annually to HT's and ABSM's.

7. Keeping in Touch Days

- 7.1 During a period of maternity leave a teacher may return to school and be paid to “Keep in Touch” without terminating their maternity leave. A maximum of 10 “Keeping in Touch” days may be used by the teacher during maternity leave. All costs incurred are charged to the school and should be recorded on the staffing system using the additional payments sheet.

8. Supernumerary Staff & Exceptional Circumstances

- 8.1 These exceptional posts do not form part of a school’s basic teaching complement. It is therefore at a school’s discretion as to whether they wish to provide absence cover and they are 100% responsible for meeting supply cover costs.
- 8.2 The exception to the above would be where the promoted element in a post is supernumerary. In terms of absence cover, the basic teaching element would be financed in accordance with the arrangements outlined for a class teacher.
- 8.3 Exceptional circumstances – such as suspensions - would require to be separately agreed by the Head of Service on an individual basis.

Appendix B

Imprest Account

1. Purpose of Account

Each educational establishment holds an Imprest account for petty expenditure items. The Imprest account enables units to make petty cash purchases, meet incidental expenses and to finance exceptional items which cannot be readily processed through PECOS or Purchase Cards. The Imprest balance held at each establishment is determined by the needs of the establishment and is generally set at two months usage of cash. It should be noted that any interest gained in this account should be transferred into the school fund.

The Imprest account should neither be used as a substitute for PECOS, nor to finance payments such as travel and subsistence expenses that must be processed through payroll. Employees should not purchase goods on behalf of the establishment through personal accounts and be reimbursed from the Imprest account. An employee incurring incidental expenditure is required to retain receipts and submit these for reimbursement via HR. Failure to follow appropriate procedures can leave the authority liable to severe penalties from HMRC.

2. Operation of the Account

Dual signatories are required to authorise expenditure from the account. Any changes to the bank details or authorised signatories list must be arranged through the Financial Management Unit who will supply the appropriate mandate form upon request.

All expenditure must be recorded in local records, an Excel spreadsheet in a recommended format is available from the FMU, and receipts obtained to support each item of expenditure. Reimbursement claims should be submitted to the FMU on a regular basis and the account reconciled to bank records and the approved Imprest limit.

Providing proper procedures are followed, the authority is able to reclaim VAT on related expenditure items, which allows schools to benefit from the net purchase price. Where expenditure includes VAT, the gross and net amounts should be entered on the local system along with the appropriate VAT category. When reimbursements are made to the Financial Management Unit, the appropriate entries will be made to the financial ledger. Detailed VAT guidance is available in Appendix D.

Petty cash claims must be authorised by an authorised signatory prior to reimbursement. Petty cash claims will be subject to review by Internal Audit and FMU staff. Officers must not borrow or lend petty cash to top up another Imprest or any other bank account, including the school fund.

3. VAT

As a general guide, VAT categories are as follows:

Standard Rated	VAT 20%	e.g. stationery, petrol
Lower Rated	VAT 5%	e.g. electricity
Zero Rated	VAT 0%	e.g. books, bus fares
Exempt	VAT not chargeable	e.g. postages

Receipts should be obtained for all items of expenditure. Where expenditure has included VAT, the relevant amount may be recovered if receipts comply with VAT requirements. If shopping, for example at a supermarket, a VAT receipt must be requested to ensure that the VAT element is separately disclosed. If a VAT receipt has not been obtained, the VAT element cannot be recovered.

With regard to items in excess of £250, VAT receipts must detail:

- Invoice number
- Date of invoice/supply date/tax point
- Name, address and VAT number of supplier
- Name and address of customer (educational establishment)
- Description, unit price and quantity of supply
- Net amount charged
- VAT Rate
- Amount of VAT charged
- Rate of discount (if applicable)

With regards to invoices less than £250, VAT receipts must detail:

- Name, address and VAT number of supplier
- Supply date
- Description of goods /services
- Total amount charged (including VAT)
- VAT Rate

4. Reimbursement Claims

Reimbursement claims should be made to the Financial Management Unit on a regular basis and at least once per quarter. Receipts do not require to be forwarded to the Financial Management Unit, but do require to be retained locally at the educational establishment. Receipts **must be securely filed, cross referenced to accounting records and retained for six years** in order to comply with HM Revenue and Custom requirements. Reimbursement is made directly by BACS to the unit on receipt of the reimbursement claim.

5. Independent Reconciliations

To ensure that monies are independently monitored, in line with audit recommendations, reconciliations should be performed regularly by a person out with the daily operation of the account. Reconciliations should be prepared to a standard format and signed on completion.

The suggest format for preparing Imprest account reconciliations is as follows:

Balance per bank statement dated:

Add: Outstanding reimbursements or lodgements

Less: Outstanding cheques

Revised Bank Balance

Add cash in hand

Add expenditure not yet claimed

Total Imprest (A)

Approved Imprest Balance (B)

Difference to be investigated (A-B)

Appendix C

Purchase Cards

1. Purpose of Purchase Cards

The council promotes the use of purchase cards over petty cash for control and efficiency purposes as the purchase card process is less administrative and reduces the risk of holding cash held across the council.

Purchase cards should be used to facilitate low value purchases, normally with a value below £1,000. In addition, purchase cards can, with the prior written agreement of the Procurement Manager, be used in circumstances where the use of PECOS is impractical, e.g. school kitchen.

2. Allowed Usage

Cards must not be used for personal expenditure. If cardholders are found to be making personal expenditure claims via their purchase card, their card will be cancelled and the cardholder may be subject to disciplinary proceedings.

Purchase cards must NOT be used for hospitality or subsistence payments as this type of expenditure must be processed via HR Pay and Reward to comply with taxation regulations. Cardholders using their cards for hospitality or subsistence will be required to repay the council in full and arrange for reimbursement through HR Pay and Reward.

3. Administration of Purchase Cards

Purchase cards are administered by the Financial Management Unit (FMU). All cardholders and authorisers will receive a user guide which will cover the use of the Smart Data Online system for making and authorising purchase card returns.

As with PECOS transactions all purchases made for the school fund will require that the council be reimbursed with a cheque from the school fund detailing the ledger account to be credited and a description of the original transaction.

A full list of purchase card procedures, forms and user guides are available via the council's intranet site under Finance Services/Payment Procedures/Purchase card system.

APPENDIX D

Education Income: VAT Guidance – General Schools

FACILITY	DESCRIPTION	CODE	VAT	NOTE
Swimming	<ul style="list-style-type: none"> Junior Adult Pool Hire 	585000	S/E S/E S/E)) 1+2)
Other Sports	<ul style="list-style-type: none"> Badminton Adult/Junior Fitness Room All Weather Pitch Adult/Junior Grass Pitch Adult/Junior Games Hall Adult/Junior Gymnasium Adult/Junior 	585100	S/E S/E S/E S/E S/E S/E))) 1+2)))
Other Facilities	<ul style="list-style-type: none"> Climbing Wall 	581800	S/E	1+2
Sauna	<ul style="list-style-type: none"> Sauna Sun bed 	586000	S S	
Sundry Sales	<ul style="list-style-type: none"> Swimming Goggles Armbands etc. 	563000	S S	
Sports Equipment Hire	<ul style="list-style-type: none"> Racquets Football etc. 	581500	S / E S / E	6 6
Other Equipment Hire	<ul style="list-style-type: none"> Overhead Projectors etc. 	581600	S	
Minibus Hires	<ul style="list-style-type: none"> Hire of minibus that seats 10 or more passengers with driver Hire of self-drive minibus 	581900	Z S	
Overnight accommodation at Lowport OEC	<ul style="list-style-type: none"> As part of education supply to Council's own pupils As part of education supply to external parties Accommodation only – no educational element 	588900	NB E S	
Under 5's Centre	<ul style="list-style-type: none"> Crèche 	585300	E	3
Room Hire	<ul style="list-style-type: none"> Use of premises 	581100	E	
Theatre & Cinema	<ul style="list-style-type: none"> Admissions Room Hire 	585200	S E	
Photocopying	<ul style="list-style-type: none"> Income from photocopying 	574600	S	
Telephones	<ul style="list-style-type: none"> Public Coin Box Private Calls 	590850	S S	
Vocational Courses	<ul style="list-style-type: none"> Provision of vocational courses with instruction 	587500	E	
Non-Vocational Courses	<ul style="list-style-type: none"> Provision of non-vocational courses with instruction 	587600	E	4
Cafeteria Sales	<ul style="list-style-type: none"> Pupils Staff Vending Snack bar 	563100 564200 563400 564100	NB S S S)) 5))

S = STANDARD **NB** = NON BUSINESS
E = EXEMPT **Z** = ZERO

Notes:

- (1) Exempt for series of 10 or more lets to schools, clubs, associations, otherwise standard
- (2) Exempt where instruction or lessons are given
- (3) As long as registered under Children's Act 1989
- (4) Sports & recreational courses with instruction are exempt. Leisure courses e.g. Cake decoration are exempt assuming participants pay tuition fees.
- (5) Any catering / food sales to pupils will be non-business
- (6) If the equipment hire relates to an activity undertaken under instruction and the equipment is necessary for that activity to take place, then the hire of equipment is exempt. If hire for own use without instruction then standard rated.

APPENDIX E

GLOSSARY OF TERMS

CPD	Continual Professional Development
CRO	Class Re-organisation
CSR	Class Size Reduction
DHT	Depute Head Teacher
DRS	Dining Room Supervisor
DSM	Devolved School Management
EFM	Education Facilities Management
FMA	Facilities Management Assistants
FMU	Financial Management Unit
FTE	Full Time Equivalent
GL	General Ledger
HT	Head Teacher
Man Relief	Management Relief
PGS	Play Ground Supervisor
PH	Public Holidays
PT	Principal Teacher
PTC	Principal Teacher (Curricular Leader)
T	Teacher