

Personal Liability of School Employees

4.7 The common law duties of Principals and other school employees are in substance unchanged by local management. They are individually liable for any negligent acts; but if they have acted in the course of their employment, their employer will also be liable.

Insurance

4.8 Under current arrangements each Education and Library Board carries its own risk for public and employer's liability claims. Under this arrangement, there is an indemnity passed on to Boards of Governors of controlled schools in respect of any liabilities they may incur in these areas. Schools which are not in the controlled sector are commercially insured.

4.9 The Education and Library Board should provide schools with details of the cover provided whether through commercial insurance or otherwise.

5. RECURRENT FUNDING

Use of LMS Resources

5.1 The Board of Governors must consult and obtain the ELB's agreement before incurring any expenditure which:

- a) is not in accordance with the Common Funding Scheme;
- b) may be of doubtful legality; or
- c) may result in exceeding the agreed level of resources available to the school.

5.2 The Board of Governors of controlled schools are not permitted to enter into any agreement connected with the buying, selling or granting of interests in land and buildings owned by the Education and Library Board. In the case of maintained schools these activities are the responsibility of trustees. Schools cannot use resources to subsidise, preparatory departments or other parts of a school not accorded grant-funded status, e.g. independent Nursery or other independent Units.

5.3 The Board of Governors is responsible for the observance of any financial regulations prescribed by the Board and should bring them to the attention of all staff. If a Board of Governors fails to observe the financial regulations the Education and Library Board may restrict or suspend its right to a delegated budget.

5.4 Financial limits may be varied periodically by the ELB.

Budgets and budgetary control

5.5 To ensure that resources are deployed effectively, the Board of Governors of each school should agree a financial plan for its school and submit it to the Education and Library Board for approval in accordance with the specified timetable and in such form as prescribed by the ELB. The plan, which should align with the School Development Plan, should cover the incoming financial year in detail and the following two years at a level prescribed by the Board. It should be consistent with the financial resources available to the school and based on realistic assumptions as regards pupil numbers and income together with estimates of expenditure on key items of expenditure. The ELB should have adequate arrangements in place to ensure that it is informed on a regular basis of the extent to which actual and committed expenditure accords with the financial plan. Delegated funding (each year) is calculated on the basis of the funding requirements for the school in that year and expenditure should be contained within the approved budget unless otherwise approved by the Board. Large surpluses or deficits must be avoided and schools should aim to remain within budget, thereby ensuring that financial resources are appropriately managed for the existing and future needs of pupils in the school. Schools must ensure that public funds provided through the LMS formula allocation, along with income from any other source – such as fund-raising - are appropriately managed.

5.6 Where a plan is presented which is not either within the approved budget or the criteria for overspends as laid out in section 5.22, or the criteria for savings as laid out in section 5.13, and the Chief Executive or Chief Finance Officer is unable to obtain appropriate changes to the plan, the Board of Governors (or its nominated representatives) should be required to discuss the matter with an appropriate committee of the Education and Library Board, with the aim of producing an acceptable plan to be put to the Board (or appropriate committee) for formal approval.

5.7 The Education and Library Board is responsible for notifying the Board of Governors of the formula allocation, adjusted for carry forward, for the period 1 April to 31 March. The notification of the formula allocation should be issued before the commencement of the financial year and should be in accordance with the Common Funding Scheme. Any adjustments required in respect of Carry Forward should be made as early as possible in a financial year.

5.8 Control of the budget must be the responsibility of the Board of Governors who may delegate the preparation and management to a committee of the Board of Governors or to the Principal. In effecting any such delegation, the Board of Governors should be required to make this in writing so that there is a clear understanding of respective responsibilities particularly with regard to any limits to the delegated authority (see section 3.14).

Virement

5.9 To ensure the effective management of the budget it is essential that the Board of Governors, in drawing up its financial plan, prepares detailed plans for the allocation of the budget to specific expenditure headings. However, schools may adjust these initial cost projections and vire between the headings as the year progresses. While the Board of Governors will retain responsibility for the management of the budget, it will find it more efficient to delegate responsibility for virement, within specified limits, to the Principal.

Where such a delegation is made this should be clearly recorded and reporting arrangements agreed.

5.10 The Education and Library Board will not charge schools for services for which provision has been excepted (held centrally) but if a school wishes, it may deploy resources on a non-delegated item, as defined in the Common Funding Scheme, eg to provide additional in-service training.

5.11 The transfer of resources from recurrent expenditure to capital may only take place in certain circumstances and these together with any other conditions will be set by the Education and Library Board. Further information on transferring recurrent funding to capital is set out in the next section.

Savings

5.12 Schools may accumulate savings over a period of several years and the ability to make such savings will in no way affect their formula funding in subsequent years. However, the application of savings must be limited to items of expenditure that would otherwise be permitted under the Common Funding Scheme.

5.13 The Department does not wish to see excessive surpluses of public funds being accumulated by schools without good reason and schools should therefore not build up significant levels of savings unless there is a specific purpose in mind. The reasons for any build-up of surpluses and the purposes for which these funds will be used must be clearly communicated to the Board. The expectation is that any significant savings would be utilised within the timeframe of the 3-year plan. In general, schools should not have accumulated surpluses in excess of 5% or £75,000, whichever is the lesser, of their delegated budget unless they are being accumulated for specific purposes and these are detailed in their plans.

5.14 A school's savings may be used to fund minor works such as the partitioning of rooms. In controlled schools where structural additions or alterations to existing premises are involved, the ELB may approve some or all of the costs being met by the school but the nature of the work will be subject to the approval of the ELB. In the case of Catholic maintained schools, the permission of the Trustees should also be sought. The use of savings on minor works should be subject to the following arrangements:

- a) Savings may be used to provide additional small temporary accommodation but teaching accommodation is excluded. Approval should be subject to the Board of Governors giving a written undertaking that such additional accommodation will not be used to support any request for increased enrolment/admission numbers
- b) Where the cost of any capital works exceeds £15,000, the written approval of the Education and Library Board must be obtained before any expenditure is incurred. In the case of controlled schools proposing to use savings for small minor works the written approval of the ELB may prescribe the general arrangements, including a timetable for submission of requests.
- c) Schools must comply with the normal Education and Library Board tender procedures on matters such as selection of contractors, tendering, insurances etc

and with the relevant planning, fire authority, building control and health and safety obligations together with technical requirements as specified by the ELB.

5.16 In imposing the above conditions in relation to building work, it is not the intention to be overly restrictive but rather that such work be completed to a satisfactory standard, that it represents best value for money and that it complies with the appropriate health and safety regulations. ELB officers will offer advice and assistance but the ELB reserves the right to charge schools for professional services where appropriate. All schools within their delegated authority may use savings to purchase equipment subject to compliance with ELB purchasing procedures and standing orders for the purchase and disposal of such equipment.

5.17 Schools may use savings to purchase vehicles. Where savings are to be used for this purpose:

- a) Vehicles will be the property of the Education and Library Board but schools will be responsible for all ongoing costs i.e. taxation, fuel, maintenance and insurance. The Board of Governors must ensure that such vehicles are adequately insured and that any requirements of the insurance policy are complied with e.g. restrictions on the number of passengers, categories of use etc. In addition, the school has a duty under its Health and Safety responsibilities to ensure that such vehicles are road-worthy and well maintained.
- b) The Education and Library Board's arrangements for the disposal of assets will apply to such vehicles and any income will be credited to the school's budget.
- c) Where a school purchases a vehicle through the ELB purchasing service but using school funds (as opposed to funds provided by the ELB) the vehicle will be the property of the Education and Library Board unless otherwise agreed.

5.18 Savings should not be deployed on the purchase of land or buildings, the provision of temporary accommodation, major or minor capital works other than those outlined above and furniture and initial equipment associated with building works.

Overspends

5.19 Schools must adhere to their allocation except in circumstances otherwise permitted. Any school with a deficit will have its budget share debited by the appropriate amount in the succeeding financial year.

5.20 No school may plan for a deficit without the consent of the Board's Chief Finance Officer, Chief Executive, or the Finance and General Purposes Committee. The level at which approval is required will depend on the size of the proposed deficit and the percentage this represents of the resources available to the school. Any school in deficit or planning a deficit may be required to attend a meeting of the appropriate committee of the Education and Library Board to explain the circumstances.

5.21 Immediately a potential deficit becomes apparent, i.e. where planned expenditure is likely to exceed the level of resources available to the school, the Chairman of the Board of Governors and the Principal must ensure that the LMS Unit of the Education and Library Board is informed. Where the likely deficit arises as a result of unplanned circumstances and

is of sufficient magnitude that it cannot be fully corrected within the following financial year, the Board of Governors should submit a plan to the ELB for approval. The plan will set out how and over what period finances are to be brought back into balance and detail the arrangements for monitoring progress in implementation.

5.22 Schools wishing to incur a deficit for whatever reason must make application, annually, to the ELB for permission to do so. Such requests must include the various reasons for the requested deficit and must be closely scrutinised by the ELB. Permission to overspend will be subject to:

- a) The Education and Library Board not exceeding its recurrent budget
- b) An upper limit of 5% of a schools budget share or £75,000, whichever is the lesser.
- c) A budget plan submitted by the school's Board of Governors demonstrating that the planned deficit can be cleared or substantially reduced during the period of the 3 year budget plan.

Spending on Hospitality, Gifts etc

5.23 The ELB should set out its requirements in relation to spending on hospitality, gifts, etc. This should include its general policy for hospitality including any limits that it wishes to impose in any related areas e.g. floral tributes, small gifts and other tokens of appreciation. In all cases, expenditure should be necessary, appropriate to the occasion, represent an effective use of school funds and be of a reasonable amount. As with all financial records, schools should ensure that proper records are kept.

5.24 Public funds should not be used for the purchase of meals for staff, excluding those directly associated with school activities (e.g. training); or for any other purpose not covered by the ELB policy for hospitality, or for charitable donations.

Annual Outturn Statement

5.25 The Common Funding Scheme requires each Education and Library Board to prepare an LMS Outturn statement for each school covered by the Scheme in a format prescribed by DE.