

# **Saint John Houghton Catholic School**

## **Financial Procedures Manual**

**Date for Next Review:**

**November 2013 or earlier if required**

# **Saint John Houghton Catholic School**

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# **Saint John Houghton Catholic School**

## **1 Preface**

### **Mission statement of Saint John Houghton Catholic School**

Saint John Houghton is a Catholic Secondary school offering a Christian education, where prayer, worship and liturgy are integral parts of our daily life.

We aspire, as a school,

to be recognised for the quality of care extended to all associated with us and to respect each person's dignity and uniqueness

to make the faith life of the school inform and affect work in all areas of the curriculum,

to be a "family", embracing home and parish, with an awareness of its responsibilities to both local and worldwide communities,

to establish a whole curriculum which will balance the highest academic standards with the life skills and critical awareness necessary to enable all students to reach their full potential and respond to the needs of society.

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## **2 Financial Planning and Control**

### **2.1 Planning**

- Financial planning is of key importance to the satisfactory achievement of the school's stated aims and objectives. Therefore, the mission statement included in 1.1 above provides the initial impetus to the overall planning process.
- The ways by which the school will strive to achieve its aims are then formulated in the school's improvement plan, which represents the medium term educational and financial plan covering the subsequent three to five year period which is re-assessed annually by the Governing Body in the light of changing circumstances and provides a more detailed plan covering the next four terms.
- The annual budget is prepared for the current year by reference to the priorities identified in the school's improvement plan.

### **2.2 Budgeting**

- A sensible system of budgeting is fundamental to sound financial management of the school. It provides a basis to ensure that the School "lives within its means" whilst having the flexibility to respond quickly to changes. Activities and new developments can then proceed or be postponed according to the level of available funding.
- The purpose of the budgeting process is to control expenditure; to prioritise available resources and to agree financial accountability. The procedures also provide for effective and secure financial monitoring systems and ensures proper documentation

### **2.3 Budgeting Procedures**

- The budgetary planning process consists of four phases; planning, budgeting, monitoring and review. Careful planning ensures that monitoring of realistically determined budgets provide an accurate indicator of the school's financial health. Success in meeting budget aims can only be achieved if care has been taken in the setting of policies and expenditure is strictly controlled throughout the budget period.
- Responsibility for control of budgetary affairs devolves from the Chair of Governors, via the Headteacher, the Bursar and the Budget Managers.
- Budget Planning

The size of the school and the wish to retain wide representation allows for the separation of the budget into distinct and manageable categories. These are then allocated to Budget Managers. However, overall responsibility for budget preparation has been delegated to the Headteacher.

**2.3 Budgeting Procedures (continued)**

- **Budget Setting**
  - Critical factors affecting the budget are determined. Such factors will include staff levels and pay awards, equipment costs, repair and maintenance requirements and inflation factors.
  - Preparation of income forecasts including grant income, generated income, other funds and any carried forward balance, will be undertaken.
  - Expenditure estimates will be prepared, having regard to the critical factors already considered and any non-avoidable costs such as rates, professional fees, rental of equipment and light and heat. These estimates will be prepared by the Headteacher and the Governors Creating an Effective Learning Environment sub committee for each specific area of expenditure and are then passed on to the Budget Managers.
  - The Headteacher will co-ordinate this information in consultation with the Budget Manager and the Governors Creating an Effective Learning Environment sub committee and with the assistance of the Bursar. An initial draft budget will then be produced incorporating all bids.
  - This draft budget proposal will be presented to the Governors Creating an Effective Learning Environment sub committee for consideration.
  - The Governors Creating an Effective Learning Environment sub committee will then consider the available options and make their recommendation to the Governing Body.
  - After due consultation the annual budget will be approved by the Full Governing Body, ensuring that planned expenditure does not exceed the available income and accumulated reserves brought forward.
  - Following approval of the annual budget, each Budget Manager is notified by the Headteacher. The approved budget is allocated to the computer by the Bursar.
  - The annual income and expenditure budget is required to be notified to the LA on Annex 1 (appendix B).
- **Monitoring and Review of Budget**
  - The process of budget review is continuous and monthly monitoring of actual against budgeted income and expenditure must be undertaken. Detailed records of historical income and expenditure, variance reports and corrective action taken are of great value in future planning and should therefore be retained.

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## **2 Financial Planning and Control (continued)**

### **2.3 Budgeting Procedures (continued)**

- Budget Preparation Timescale
  - The timescale for budget preparation is designed to meet the planning needs of the academic year as well as the normal financial cycle. It is based on the ongoing cycle of evaluation and planning, budgeting, monitoring and review.
  - i) Evaluation & Planning takes place in September/December
  - ii) Budgeting takes place in January/March
  - iii) Monitoring & Review is an ongoing process.

#### **Timetable for Monthly Submission of Financial Monitoring Returns**

<b>Month</b>	<b>Returns to be submitted</b>
April	Income and Expenditure Statement for the previous financial year to 31 March and copy for DCC. Annual Income and Expenditure Budget and Budgeted Balance Sheet.
May	Income and Expenditure Statement for the period to 30 April.
June	Summary Income and Expenditure Budget for the following year. Income and Expenditure Statement for the period to 31 May.
July	Income and Expenditure Statement for the period to 30 June and copy for DCC.
August	Income and Expenditure Statement for the period to 31 July
September	Income and Expenditure Statement for the period to 31 August
October	Income and Expenditure Statement for the period to 30 September and copy for DCC.
November	Income and Expenditure Statement for the period to 31 October.
December	Income and Expenditure Statement for the period to 30 November.
January	Income and Expenditure Statement for the period to 31 December.
February	Income and Expenditure Statement for the period to 31 January and copy for DCC.
March	Income and Expenditure Statement for the period to 28 February

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## **2 Financial Planning and Control (continued)**

### **2.4 Structure of Accounting System**

- The school has adopted the Sims accounting software (FMS) with effect from 1 April 1995 and detailed systems notes are in the manufacturers manuals.

### **2.5 Internal Control Procedures**

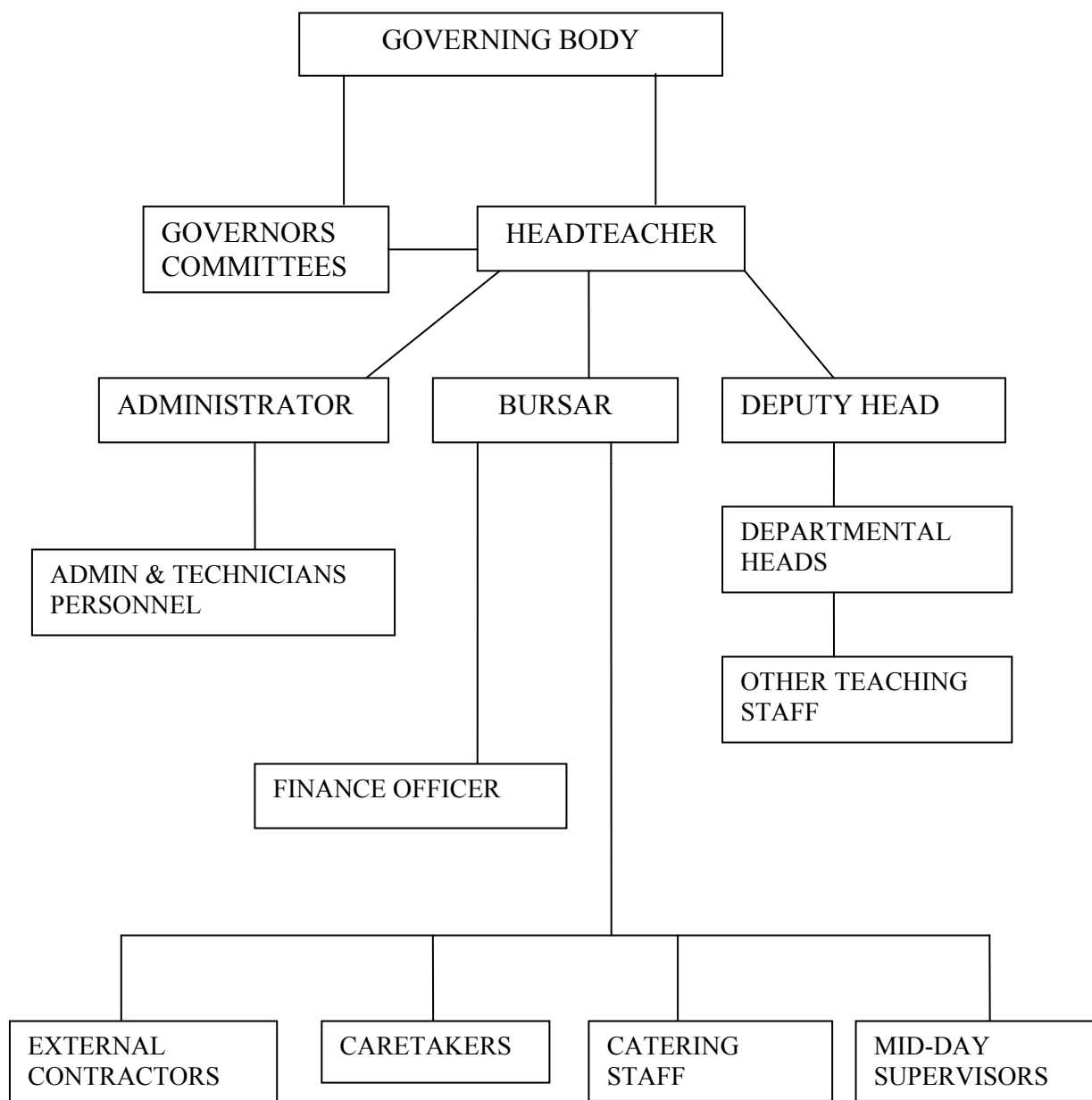
- The school has established a system of financial and other controls which are codified in this manual which will enable it to conduct its business in a structured and efficient manner. These controls are designed to ensure that assets are safeguarded, documentation is complete and accurate and that ultimately the management policies are adhered to.
- Specific controls are detailed within sections 5 to 10 as appropriate, but generally they consist of a combination of the following types of control:-
  - Organisational Controls:  
  
Clearly defined reporting channels, responsibilities and duties.
  - Authorisation Controls:-  
  
Dual cheque signatories, pre-set limits of authority, tender procedures.
  - Physical Controls:  
  
Assets kept in locked areas, computer access restricted by passwords, personnel and financial records kept in locked cabinets.
  - Segregation of Duties:  
  
Separating the functions of authorisation, recording, custody and payment.
  - Personnel:  
  
Appropriate selection and training procedures to ensure that personnel are competent, suitably qualified and reliable.
  - Supervision:  
  
Provide the right level of necessary supervision by responsible people.
  - Management:  
  
Regular monitoring of budget against actual, staff reviews, performance of test checks by the Headteacher

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### 3 Organisational Structure

- There is a clear organisational structure which identifies lines of reporting for all operations and establishes the accountability of Governors and staff for public funds.
- This structure can be illustrated as follows:



The reporting lines follow the structure noted above and details of current post holders are contained in Appendix A.



## **4 Duties and Responsibilities**

### **4.1 Governing Body**

- The Governing Body has overall responsibility for policy and decision making.
- The Governing Body is expressly responsible for:-
  - Ensuring that any grant from the LA and DFE is used only for the purposes prescribed
  - Satisfying the LA and DFE that the school's financial management and organisation are such as to enable it to fulfil the obligations they specify for it.

As stated in the Financial Memorandum signed by the Chair of Governors on behalf of the Governing Body.

- Responsibility also extends to:-
  - Ensure that funds from other sources are adequately controlled.
  - Ensure that the Annual Report and Accounts are properly prepared.
  - Approve the annual budget and any subsequent revisions.
  - Formulate and approve the school's development plan which should then be reviewed and approved annually.
  - Identify appropriate job descriptions and specify the roles for the Headteacher and Bursar,
  - Establish limits of delegated authority.

### **4.2 The Governors' Creating an Effective Learning Environment Sub-Committee**

- Principal financial responsibilities will be to:-
  - Propose draft budgets which support the School's Improvement plan for approval by the Governing Body.
  - Review the management of all funds available to the school and to advise the Governing Body on ways to maximise school income and cost savings.
  - Meet regularly with the Headteacher in order to monitor expenditure against budget and to report to the Governing Body at least once during each school term.
  - Review the management of all financial resources available to the school and to advise the Governing Body on ways to achieve the best value for money.

## **4 Duties and Responsibilities (continued)**

### **4.2 The Governors' Creating an Effective Learning Environment Sub-Committee (continued)**

- Identify and prioritise planned maintenance and to set budgets accordingly,
- Consider and make recommendations to the Governing Body on capital projects.
- Set letting fees and to monitor the letting of school premises.
- Draft the whole school pay policy.
- Review and evaluate actual expenditure against budgets.
- Ensure that the requirements of the school's improvement plan are prioritised and budgeted for, advising the other Governor Committees accordingly.
- Ensure that the school's objectives with regard to the provision of education are capable of being achieved.

### **4.3 The Governors' Developing the Individual Sub-Committee**

- Principal financial responsibilities will be to:-
  - Ensure that the school can meet the staffing requirements necessary to achieve the National Curriculum and other educational needs.
  - To agree all changes in personnel.

## **4 Duties and Responsibilities (continued)**

### **4.5 The Headteacher**

- The executive management of the school is delegated to the Headteacher by the Governing Body.
- Accordingly, the Headteacher has a responsibility to:-
  - Ensure that the school's financial management procedures are adhered to.
  - Control spending, so that it is in accordance with the approved annual budget.
  - Adhere to the limits of delegated authority as laid down by the Governing Body.
  - To undertake a review and reporting function which is central to the sound financial management of the school and to ensure the integrity of the financial systems and controls.
  - To advise the Governing Body on the discharge of its responsibilities under the Financial Memorandum.
  - To ensure the efficient, economical and effective management of the resources and expenditure, including funds, capital assets and equipment, and staff.
  - To ensure the introduction and maintenance of sound internal financial controls.
  - To seek to ensure that financial considerations are taken fully into account in reaching decisions and in their execution.
  - To enquire into significant discrepancies between budget and actual figures, and to document his findings.
  - To report immediately to the Governing Body on any areas of concern.
  - To keep up to date with LA requirements and any changes in statutory reporting requirements.
  - To obtain independent advice where necessary in those areas where he does not have the relevant experience or expertise.

## **4 Duties and Responsibilities (continued)**

### **4.7 The Bursar**

- The Bursar is responsible for the daily administration of the school's financial systems and control procedures within the parameters consistent with adequate segregation of duties.
- Specifically these responsibilities will include:-
  - Continual monitoring of the financial system and producing regular monitoring reports for the Governing Body.
  - Completion of all LA financial returns.
  - Assisting with the preparation of the year end accounts.
  - Liaising with the auditors.
  - Managing the bank accounts and monitoring cash flow
  - Providing assistance with the preparation of the annual budget.
  - Checking payroll details.
  - Supervision of other finance administration staff.
  - Maintaining accounting records.
  - The safe collection and banking of cash.
  - Control and recording of petty cash and cash floats.
  - Ensure secure retention of all financial documents and data.
- In addition, the Bursar must provide the Chair of Governors, Headteacher, and Budget Managers with the necessary assistance for the satisfactory discharge of their financial duties and to make available financial data and reports as required.

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## **5 Purchasing**

### **5.1 Selection of Suppliers**

- An approved list of suppliers is maintained by the school and will be reviewed by the Headteacher, with the assistance of the Bursar, each year. Details of preferential business terms which have been negotiated are also recorded.
- Requests for goods or services from other suppliers must be approved by the Bursar and/or the Headteacher.

### **5.2 Expenditure Below £10,000**

- Quotations are sought by the Budget Manager, or originator of the order, using price lists, verbal or written quotations for contracts under £3,000.
- Three written alternative quotations should be obtained for all expenditure over £3,000. Where there are exceptions to this due to the nature of the supply or for urgent purchases then this should be reported to Governors and a minute reference obtained to evidence their approval.
- Expenditure up to £1,000 may be authorised by the budget holder or the Bursar.
- Expenditure over £1,000 and up to £10,000 must be authorised by the Headteacher
- For expenditure over £10,000 prior approval from the Governing body should be obtained. Where the spending can be identified when the Annex 1 has been set then a list of those items exceeding the limit should be presented to the Governors with the Annex 1 for approval.
- The Internal Staff Requisition Form (see Appendix C) is authorised by the Budget Manager and is passed to the finance office for processing.
- In the majority of cases the most commercially favourable quote will be accepted. However, if this is not the case, the Headteacher/Bursar must approve the requisition noting the reasons for the decision and ensuring that a copy is retained on file.
- A sequential order number is then allocated by the computer and an official computer generated order is raised and this is then authorised by the Headteacher/Deputy Head (up to £10, 000) or Bursar (under £1,000).
- The placing of orders by telephone is not permitted apart from exceptional circumstances when the Headteacher/Deputy Head has given authorisation. Orders placed by telephone must be confirmed by a correctly raised order which is to be posted/faxed. Bursar to be permitted to place telephone orders particularly where value for money can be achieved.
- Regular payments such as monthly charges may be placed on a single order. The maximum period for such orders is one year.

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### **5.3 Expenditure Above £30,000**

- Tenders are sought for every contract over the value of £30,000
- Each invitation to tender must clearly specify the following:-
  - The work or services to be done or the goods to be supplied.
  - The period in which the contract is to be carried out.
  - That if the contract is not completed properly or if the time limit is not met, then the school can either:
    - i) cancel all or part of the contract,
    - ii) complete the contract and recover any additional costs of completion from the contractor,
    - iii) take other legal action against the contractor.
- Contractors are selected and appointed by the Governing Body by either negotiated contracts or open competitive tendering.

### **5.4 Receipt of Goods and Services and Invoices**

- All goods are received and checked by budget holder and/or the Bursar who will sign the delivery note to signify acceptance and then pass it to the Finance Department.
- Invoices are passed on to the Finance Department as soon as they are received.
- The invoice is checked against the original order and the goods received note to ensure details are correct.
- Calculations on the invoice are checked.
- Invoices are passed to the originator of the order for authorisation prior to payment.
- In the event that goods are rejected the original invoice will be held in abeyance pending receipt of the credit note.
- Invoices will be checked to ensure that VAT has been charged at the correct rate for each item and that the VAT has been correctly calculated.
- It should be noted that VAT will not be reclaimed on expenditure funded by Formula Capital or LCVAP. (A copy of HMRC guidance to VA schools, titled ‘Capital Expenditure and VAT Recovery’ is included in Appendix C.

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### **5.5 Credit Notes**

- When goods received are damaged or not in accordance with the order and have been returned to the supplier but are included on the invoice due for payment, a credit note should be obtained.
- When the credit note is received it will be processed in the same manner as an invoice.
- If the supplier is not regularly used or if no further payments to this supplier are expected then a refund should be requested.

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## 6 Payment

### 6.1 Bank Accounts

- The Governors have approved the ongoing operation of the following bank accounts:

- |                     |  |
|---------------------|--|
| - Allied Irish Bank | - Account No. 29982065                       |
| - Allied Irish Bank | - Account No 29982578 – Fixed Term Account   |
| - Allied Irish Bank | - Account No. 29982495- Private Fund Account |

- Cheque Signatories

All cheques require dual signatories for any cheque. However, for cheques above £10,000 three signatories are required. Exception to these are Salary/BACS authorisation and Inland Revenue/Teachers' Pensions/ Superannuation.

The four authorised signatories are as follows:

- Headteacher
- Deputy Headteacher
- Assistant Head
- Bursar

- Security

- Cheques are to be issued in numerical order.
- Unused cheques are to be kept in a locked cabinet
- Cheques must not be signed without the accompanying relevant documentation.
  - Bank statements must be kept in a locked cabinet.

- **Fixed Term Higher Interest Account**

- The aim is to ensure that funds which the school does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the school's income.
- Cash flow forecasts will be produced each month to ensure the viability and sustainability of the activities of the school and any surplus transferred to the Fixed Term Account.
- The Fixed Term Account allows a set amount of money to be invested for a defined length of time – (between 1 week and 2 years). This is a no risk account. Funds can be withdrawn at any time but interest payable would be reduced.



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- **Non Cheque Payments**

- The Governors have approved the payment of creditors by BACS.
- The Governors do not permit the use of school cash/credit/charge or debit cards.
- The Governors only permit the use of Direct Debits or standing orders to pay suppliers with the specific authority of the Chair of Governors and Headteacher.

- **BACS Payments**

- All suppliers will be encouraged to accept the BACS method of payment. All new suppliers will be asked to supply their bank details.
- The BACS creditors' payment report is signed as approved by two bank signatories.
- Two of the signatories will authorise the on-line BACS bulk payments transaction .
- The net pay report of salaries payable by BACS is signed as approved by the Headteacher and a copy retained by the school.

- **Overdrafts**

- The bank accounts are not allowed to become overdrawn and the school's bankers have been notified in writing.

### **6.2 Purchase Ledger Payments**

- Payments to routine suppliers will normally be made by BACS or cheque (if creditors bank details are not available) once a month, unless special payment terms e.g. prompt settlement discounts, have been agreed.
- A monthly aged creditors will be used to predict the following month's payments that will be required.
- A cash flow statement will be created to ensure that the necessary cash will be available to make payment on the due date.
- Payments will be supported by the following items:
  - Official Orders raised by the school, duly authorised.
  - Invoices etc., covered by the payment
  - Invoice control slip duly completed to evidence authorisation checks.
  - Remittance advice from either the suppliers statement or internally generated remittance advice.

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- BACS payment voucher will be authorised by two signatories
- Remittance advice notes will be issued via email (if address available) or by post.
- An audit report showing changes made to supplier's details shall be generated – (dated from the last BACS run to the current date). Any changes in supplier details will be checked by a member of the finance team not previously involved with the payment process. This report will be retained with the payment reports.
- The two persons signing the cheques will also initial the invoice control slip to evidence their signatures. The signature of a third person is required on cheques over £10,000.
- All original suppliers invoices will be retained by the school.

### **6.3 Non Purchase Ledger Payments**

- Payments to persons other than routine suppliers will be made by cheque daily, e.g. staff travel and subsistence, petty cash imprest, salary on costs etc.
- Payments must be supported by all relevant duly authorised invoices or other documentation e.g. Expenses claims, DCC debtor account.
- An invoice control slip must be completed to evidence the authorisation checks.
- The two persons signing the cheques will also sign the invoice control slip to evidence their signatures. The signature of a third person is required on cheques over £10,000.
- There will be no payments made by Direct Debit, Standing Orders, credit/charge/debit cards or BACS (other than salaries).

### **6.4 Bank Reconciliation**

- The bank statements are to be checked to the Bank Control Account upon receipt (weekly).
- At the end of every month the balance per the bank statement must be reconciled to the balance per the cash book on all accounts with individual outstanding bankings/cheques identified.
- A member of the Creating an Effective Learning Environment sub committee will conduct an annual management audit.
- Any payments uncleared after three months will be cancelled and the accounting treatment of the original payment will be reversed.

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## **7 Income**

### **7.1 Grant Income**

- LA Budget Share income is received by BACS direct into the bank.
- The LA will issue written notification of the various grants which have been awarded to the school, these are to be retained by the Bursar.

### **7.2 Non Grant Income**

- There are various procedures in place to control non grant income such as lettings, (see Appendix E), catering receipts, school trips and activities, other gifts, receipts, donations, refunds and commissions.
- Due to the variety of non grant income some will be invoiced e.g. lettings where as others such as donations will not be invoiced.

### **7.3 Recording of Income**

- Invoices
  - These are raised on SIMS FMS, for the provision of goods and services supplied by the school.
  - Invoices are prenumbered and show details as follows:-
    - i) Goods and services supplied
    - ii) Basis of the charge made.
    - iii) Details of expected payment
    - iv) Period covered by the invoice.
  - The original of the invoice is sent to the customer, a copy is kept by the school.
  - All copies of invoices cancelled/spoilt are kept by the school.
- Credits
  - These are processed in the same way as invoices
  - Credits should give clear reasons as to the reason for the credit and should be cross referenced to the original invoice and any subsequent new invoice.
  - Credits should be evidenced as authorised by the Bursar.

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## **7.4 Debtor Records**

- A debtors record is maintained which shows the following:-
  - i) Name and address of debtor
  - ii) Credit limit and terms of payments
  - iii) Amount outstanding
  - iv) Age of debt.
- An aged debtors report is produced monthly, by the Bursar, which lists all debtors, amounts outstanding and the age of debt.

## **7.5 Credit Control**

- The aged debtors is scrutinised for items over 30 days old and reminder letters are issued by the Bursar. Copy letters are kept by the school in customer files.
- Debtors over 60 days old are identified and advised that no further goods and services will be supplied until full payment is received. Copy letters are kept by the school in customer files.
- Debtors over 90 days old are identified and advised that legal action will be taken to recover monies owed. Copy letters are kept by the school in customer files.
- Debtors over 120 days old are identified and advised to the Head and consideration evidenced as to legal action to recover debt.

## **7.6 Dinner Money**

- Money from up to three tills collected and recorded on a daily cash reconciliation kept on file.
- Registers of free staff meals and free pupils meals kept on file.
- Monies collected banked on a weekly basis.
- The Catering Manageress will be responsible for the carrying out of the above procedures.
- VAT will only be charged on food purchased by adults and serviced in the canteen. (See appendix B – HMRC – Catering in Local Authority Schools.

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## 7 Income (continued)

### 7.8 Policy statement on charging - See separate policy document 'Charging Policy'

- Principles

There are four principles which underpin the governors policy on charging for non school activities.

- Maximise profits.

This is where the hall or a series of rooms are let out with the intention of making as much profit for the school as possible. The charges made will be at a commercial level with the added aim of not turning away potential customers. The charging regime will be such that theatre companies, wedding parties etc will be attracted to use the facilities on economic grounds.

- Break even

In certain cases where the aim will be principally to provide a facility for a local group in order to develop and foster community links a charge will be made that will ensure that the net result economically is either break even or a small profit.

- Quid pro quo

Often the hiring of a room or a playground is done under this principle where a service is done for the school free of charge in return for the school's facility e.g. the marching band using a facility for practice and then playing at the Summer Fayre.

- No charge

Some activities e.g. bring in a considerable amount of revenue by their very nature. These activities are principally either organised by the school e.g. annual theatre production, music concert, or are organised by the PTA. No charge is made for these activities because it is known that the net result is a profit for the school.

- Charges

A table of charges is reviewed annually by the governors' Creating an Effective Learning Environment sub committee. At this review the cost of energy and the caretakers earnings resulting from such activities described are considered.

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## **8 Receipts**

### **8.1 Documentation**

- Receipts are issued for all cash received by the Bursar at the time of receipt.
- Receipts are prenumbered in duplicate and include the following details:-
  - i) Name of school
  - ii) Date received
  - iii) Received from/by
  - iv) Amount received
  - v) Method of payment
- All copies of receipts cancelled/spoilt are kept by the school.

### **8.2 Banking**

- Monies are banked at least weekly.
- Funds held prior to banking are kept in the safe/locked cabinet.
- All monies are banked intact and not used to cash private cheques or fund cash disbursements etc.
- The paying in book is annotated and cross referenced to its source and cash book receipts to ensure that there is no omission or duplication of bankings.

### **8.3 Variances**

- Surpluses of cash are noted on the source documentation and paid in e.g. excess catering receipts etc and the Bursar advised.
- Shortages of cash are noted on the source documentation and the Bursar advised.
- All discrepancies should be immediately investigated by the Bursar and conclusions evidenced and advised to the Headteacher.
- All discrepancies over £25 should be immediately advised to the Headteacher.

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### **9 VAT**

- VAT on purchases will be checked on receipt of invoice. The 'Goods Received and Payment' voucher will be initialled that the calculations are correct. The purchase will be entered on to the MIS. – see appendix C 'HMRC Voluntary Aided Schools VAT Recovery'.
- VAT on sales will be charged as per HMRC document – see appendix C.
- A VAT Full Report and a VAT Submittal Report will be generated from the MIS each month and checked against originally documentation. This data will be submitted to the LA at the end of each quarter period (March, June, September, December) for reimbursement of net VAT due.

## **10 Payroll**

- The personnel and payroll services are administered on behalf of the school by Derbyshire County Council.
- Agreed procedures and the terms of the service contracts are included at Appendix G.
- Personnel changes are agreed by the Governors Developing the Individual Sub Committee and authorised by the Governors Creating an Effective Learning Environment sub committee. The personnel/payroll bureau is notified in writing of all authorised changes by the Headteacher.
- Payroll data is maintained by the bureau, but monthly payroll reports are forwarded to the school for review by the Headteacher and the Bursar. Once signed by the Headteacher as having been reviewed the reports are then retained in a locked cabinet for safe keeping.
- All payments to staff are made by BACS.
- Access to personnel and payroll information must be strictly controlled and is limited to those employees who have a direct involvement with the payroll administration. Such information is to be kept in a locked cabinet when not in use.



# **Saint John Houghton Catholic School**

## **11 Assets**

### **11.1 Custody and Security**

- All of the school's assets that are portable, valuable and desirable are to be security marked (etched with the school's postcode) and a comprehensive register of all such assets is maintained by Heads of Departments/Bursar.
- Assets with a cost in excess of £500 are recorded on the fixed asset register which is maintained by the Bursar.
- Asset registers are updated at the time of purchase or disposal.
- Asset registers are kept in a locked, fireproof cabinet.
- Test checks on the existence and location of assets will be carried out periodically by the Bursar who will evidence these periodic checks.
- All assets are adequately covered by insurance for loss arising from fire and theft. The level of this cover will be reviewed annually by the Governors Creating an Effective Learning Environment sub committee.

### **11.2 Disposals of Assets**

- Assets with a disposal value of less than £250 are authorised for disposal or write off by the Headteacher. The disposal of assets in excess of £250 must be authorised by the Governing Body who will determine the procedures for disposal.

### **11.3 Access to safe**

- The Headteacher, Bursar and assistant bursar should be allowed access to the safe, no other persons allowed access without one of the above person's knowledge.

# **Saint John Houghton Catholic School**

## **12 External Advisers**

- **BANKERS**  
Allied Irish Bank  
Maid Marian Way  
Nottingham  
NG1 6HS  
  
Tel: 0115 9508111  
Fax:  
Contact: Chris Bailey
- **PAYROLL/PERSONNEL BUREAU**  
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County Offices  
Matlock  
DE4 3AH  
  
Tel: 01629 580000  
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Contact: Kate Frost  
Dawn Ward – Payroll clerk
- **INSURANCE BROKERS**  
Derbyshire County Council  
County Offices  
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Contact: Sarah Trustle

Agreed by the Governing Body:

November 2005

Reviewed:

November 2010

Date for next review:

November 2013 or earlier if required

Signed by the Chair of Governors:

Mrs E Brown

Date:

**Saint John Houghton Catholic School**

**Saint John Houghton Catholic School**

**Appendix A**

# **Saint John Houghton Catholic School**

## **Personnel Details as at 1 September 2010**

<b>Chair of Governors:</b>	Mrs Elizabeth Brown
<b>Vice Chair of Governors:</b>	Mrs Lorraine Collins
<b>Headteacher:</b>	Mr Bernard P Monaghan
<b>Deputy Head:</b>	Mr John Quinn
<b>Bursar:</b>	Mrs Deborah Vallis
<b>Administrator:</b>	Mrs Cecilia Emery
<b>School Secretary:</b>	Mrs Helen Swindell
<b>Assistant Bursar:</b>	Mrs Deborah Hill
<b>Clerk to the Governors:</b>	Mrs Laura Olding

**Saint John Houghton Catholic School**

**Saint John Houghton Catholic School**

**Appendix B**

# **Saint John Houghton Catholic School**

## **HMRC Guidance**

### **Voluntary Aided Schools: Capital Expenditure and VAT Recovery**

#### **Maintained schools and delegated budget**

All maintained schools, including VA schools, receive recurrent funding from their LA under arrangements set out in sections 45-53 of the [School Standards and Framework Act 1998 \(SSFA\)](#) , which allows that every maintained school shall be financed by their LA by means of a “budget share” (the school’s delegated budget).

#### **Governing bodies (GB) and VAT recovery**

Under section 36(1) of SSFA, governing bodies (GB) of maintained schools are separate legal entities. GBs are not bodies specified in s33 VAT Act 1994 and therefore VAT incurred by GBs in respect of their non-business activities may not be recovered under s33.

However, s49(5) of SSFA allows that “any amount made available” by a LA to the GB of a maintained school shall remain the property of the LA until spent by the GB and when spent by the GB shall be taken to be spent by them as the LA’s agent. This generally allows the LA to recover VAT on expenditure made from the delegated budget.

#### **Voluntary aided schools and GB responsibilities**

In the case of VA schools though, s49(6) SSFA stipulates that the GB does not act as the LA’s agent when spending amounts from the delegated budget to meet expenses payable by the GB in relation to work for which the GB is responsible. VAT may therefore not be recovered on such expenditure.

In return for a continuing degree of autonomy over pupil admissions, hire of staff and contents of religious curriculum, GBs of VA schools retain responsibility for certain capital work. At the time of publication of this guidance, these responsibilities and definition of capital expenditure are contained in the following legislation:

- [School Standards and Framework Act 1998 \(SSFA\)](#);
- [Regulatory Reform \(Voluntary Aided Schools Liabilities and Funding\) \(England\) Order 2002 \(RRO\)](#);
- [Education and Inspections Act 2006 \(EIA\)](#); and
- [The Capital Expenditure in respect of Voluntary Aided Schools \(England\) Regulations 2007](#).

The SSFA (as amended by the RRO) makes the GB of a VA school responsible for all capital expenditure in relation to school premises, with the exception of playing fields and related buildings on those fields (for which the LA is responsible). The EIA contains the current definition of capital expenditure (see Definitions of capital and revenue expenditure below).

## **Saint John Houghton Catholic School**

In England, DCFS, and in Scotland and Wales, the Scottish and Welsh Assembly, may make grants to GBs of VA schools in order to help them meet these responsibilities (SSFA Sch 3 Para 5). In England, DCSF fund 90% of a GB's qualifying expenditure (the RRO increased the maximum grant prescribed by the SSFA from 85% to 90%), whilst in Wales and Scotland this remains at 85%. DCFS and the Education Departments in Scotland and Wales understand that VAT will not be recoverable by the GB in respect of this expenditure and therefore their grant includes funds to cover the irrecoverable VAT costs. VA school GBs are expected to meet the remaining 10%/15% of costs from their own resources although para 8 of Sch 3 SSFA allows LAs to contribute to the GB's 10%/15% contribution, if they so wish.

The situation in Northern Ireland differs in that the Department of Education and newly established Education and Skills Authority are responsible for the delivery of education. Separate guidance for Northern Ireland is to be issued in due course.

### **Definitions of capital and revenue expenditure**

The legal definition of "capital expenditure" contained in the SSFA in relation to GBs' responsibilities is subsequently amended by the EIA (s35) to be expenditure of a GB "which falls to be capitalised in accordance with proper accounting practices". However, regulation 2 of The Capital Expenditure in respect of Voluntary Aided Schools (England) Regulations 2007 qualifies this definition by providing that any expenditure incurred by a GB of a VA school shall not be treated as capital expenditure if it is an amount which is less than £2000.

Responsibility for issues regarding funding for capital and revenue expenditure and determining what should be interpreted as capital, and what revenue, expenditure lies with the DCSF (in England) and education departments in the devolved administrations. General guidance on capital funding for VA schools in England is issued by DCSF in their "Blue Book" which can be downloaded from <http://www.teachernet.gov.uk>. The Blue Book sets out who is responsible for expenditure at VA schools as below, followed by some examples to illustrate the points, adding that, in cases of doubt, there will be scope for VA schools and their advisers to determine whether expenditure is of a revenue or capital nature. This guidance also explains that these responsibilities are not specifically related to ownership. For example, GBs may own the playing fields and associated buildings, but the LA will still be responsible for any work on them.

#### **a. Definition of capital expenditure for which GB is responsible (as per Blue Book)**

- The existing buildings (internal and external)
- Those buildings previously known as "excepted" (Kitchens, dining areas, medical/dental rooms, swimming pools, caretakers' dwelling houses)
- Perimeter walls and fences, even if around the playing fields
- Playgrounds
- Furniture, fixtures and fittings – including ICT infrastructure and equipment
- Other capital items (which can include capital work to boilers or other services)

## Saint John Houghton Catholic School

### **b. Definition of capital expenditure for which LA is responsible (as per Blue Book)**

- Maintenance of playing fields (including sports pitches and hard surfaced games areas)
- Buildings on those fields and related to their use
- Capital expenditure below £2000 (see (C) below)

### **c. Definition of Revenue expenditure for which LA is responsible (as per Blue Book)**

- Day to day running costs of the school eg costs of staff, training, consumables, teaching resources, utilities etc
- Additionally, there is a threshold below which any expenditure of £2,000 net value or less, regardless of the use to which it is put, deemed to be revenue (see (B) above)

Therefore whilst any expenditure of £2000 or less is always to be classified as revenue expenditure, any expenditure above £2000 will need to be considered and a view taken as to whether this is revenue or capital expenditure. The following examples are intended to provide guidance on how to decide what might be regarded as revenue (paid for from revenue budgets) and capital expenditure (which can be met from either capital grant or delegated revenue budgets).

- **Localised repairs to a roof (patching or mending) should usually be met from revenue funds, because this would be regarded as normal repair and maintenance work. If the whole roof, or a substantial part of a large roof, needs to be replaced, then this could reasonably be regarded as a capital.**
- **Small repairs to playgrounds (filling individual potholes etc.) should usually be met from revenue funds, because this would be regarded as normal repair and maintenance work. If the whole of the playground needs to be resurfaced, then this might reasonably be regarded as a capital item.**
- **A boiler has unexpectedly broken down, and requires a new part which will cost £1,800. This could have been regarded as either revenue (because it is repair and maintenance) or capital. The cost, however, dictates that it must be revenue because it is below the 'de minimis' threshold of £2,000.**
- **Replacing a few damaged chairs or desks would be regarded as a revenue cost because it is normal wear and tear. If, however, as part of a refurbishment of a whole classroom, all of the furniture is to be replaced then it can be included as part of the capital project.**

It is important to note that the £2000 de minimis limit described above should not be used to attempt to artificially disaggregate capital expenditure in order to recover VAT. For example, a single supply of ICT equipment should not be split into smaller contracts for individual IT items of £2000 or less, or construction works similarly split, in order that, invoiced separately, this could be treated as revenue expenditure.

### **VAT recovery on expenditure**



## **Saint John Houghton Catholic School**

As described above, generally the LA may recover VAT (under s33 of the VAT Act 1994), where it is incurred by the LA in relation to expenditure for which it is responsible ie where it receives the supply.

However, VAT incurred by a GB on expenditure for which the GB is responsible is not recoverable under s33, even when payment is made from the delegated budget. VAT is only ever recoverable on expenditure from the delegated budget to the extent that it relates to expenditure for which the LA is responsible.

Neither is VAT recoverable by the LA on any expenditure made from DCSF grant funding made to the GB. Again, this is designated for expenditure for which the GB, rather than the LA, is responsible.

Further, although LAs commonly contribute towards a GB's capital expenditure, for example, to assist GBs in meeting their own 10/15% contribution for capital works, or to subsidise certain projects, again VAT is not recoverable by the LA on such contributions. HMRC recognise that there has been some confusion in the past regarding such recovery and have, to date, accepted that LAs can recover the VAT incurred on expenditure which is the responsibility of the governing body but which the authority funds. However, HMRC have reviewed this policy and realise that it goes beyond what section 33 actually permits. In these arrangements, the GB is responsible for the expenditure and receives the supply. Thus, any VAT incurred on the supply is incurred by the GB, not the LA.

This revised guidance now seeks to bring such treatment within the normal rules for VAT recovery for LAs as set out in [Public Notice 749 Local authorities and similar bodies](#). Therefore with effect from 1 September 2009, for projects initiated after this date, VAT may no longer be recovered by LAs in these circumstances, as the supplies are not made to them (whether or not paid from the delegated budget). We will consider, on their individual facts, cases where a project initiated after 1 September 2009 was funded on the basis of the previous policy.

Where however, an LA decides to spend its own funds (excluding the delegated budget), by placing an order directly with a supplier on work to a VA school for which the GB is statutorily responsible then, under certain circumstances, it may recover VAT under s33 as described in para 7.1 of Public Notice 749 ie it must procure the goods or services and receive the supply.

The flow chart at [Annex A](#) and the table of examples at [Annex B](#) are intended to give further guidance on circumstances when VAT may and may not be recovered, but are not intended to be exhaustive. In cases of doubt, GBs or LAs are advised to discuss the matter with HMRC.

### **Insurance arrangements for VA schools**

Whilst HMRC can advise on the VAT consequences of arrangements, they are unable to give any advice regarding who is responsible for insuring school premises and property. DCSF advise that, although they expect the school premises to be insured, the actual detail of what

## **Saint John Houghton Catholic School**

to insure is for the individual parties to determine. In that context the school may need to seek advice from DCSF, their LAs, especially in relation to funding for premiums and access to LA schemes, and from their Dioceses or other trustees (the ultimate owners of the buildings).

### **Responsibility for funding of insurance premiums**

The various Education Acts described above provide that, in the case of a VA school, although a LA's statutory duty to "maintain" the school includes the "duty of defraying all the expenses of maintaining it", this duty does not extend to certain capital expenditure, for which statutory responsibility is laid to GBs.

The authority's duty to "maintain" in respect of all schools extends to the funding of premises insurance premiums as this is not "capital expenditure". Funding of premiums may be done in many different ways at the discretion of the authority, but must not disadvantage VA schools, who are entitled to equity with non-VA schools. In other words, where insurance is taken out, the LA is obliged to provide sufficient funds from its revenue budget (usually Dedicated Schools Grant) to each VA school, to enable the school to meet all its insurance premium costs (including any premiums payable to the diocese). If they are not allowed access to LA-managed insurance schemes, then there must be compensating recompense in their revenue funding so that they can buy into another scheme. In this respect, ownership of buildings is not a consideration. LAs insure Foundation schools (who own the buildings) and VA schools should be treated in the same way as those and community schools.

VA schools should be treated in the same way as other maintained schools in relation to providing for any revenue premises losses (currently below the de minimis level of £2000 – see above) ie those for which the authority is responsible.

### **Premises Insurance**

DCSF advise that for premises insurance, ideally cover should be provided through a single insurance policy entered into by the school governors and identifying all parties with an insurable interest, together with their respective level of risk and responsibility for the insurance premiums (the LA will be responsible for certain expenditure, as set out above).

A VA school GB would be responsible for the financial cost, in the event of damage or loss requiring capital expenditure at a VA school. As with other capital expenditure, DCSF agree to fund 90% of replacement costs via capital grant, leaving the remaining 10% of costs to be met from the GB's own resources. In order to cover this liability, GBs should arrange insurance cover for their 10% liability (typically through the church diocese or its equivalent) for the benefit of the GB and the trustees.

However, although DCSF will continue to meet their commitment to 90% capital costs, they advise that there is no contingency reserve from which this 90% funding can be drawn down. The 90% funding must therefore be met from existing funding streams (either the schools' own funds or the programme allocated through LAs, usually the Devolved Capital Formula or

## Saint John Houghton Catholic School

Local Authority Co-ordinated Voluntary Aided Programme (LCVAP)). This has led to unplanned reprioritisation where a major incident at a VA school could see such funding used in an emergency and thus diverted from other VA school planned projects.

In light of this, in order to provide more certainty for all VA schools and so that VA school capital programmes are not disrupted by unplanned emergency calls, DCSF now advise VA schools to consider some form of 100% insurance, ie the full reinstatement value of the buildings, either through private providers or through a scheme operated by the LA (buy back). VA schools may also take insurance cover for the costs falling upon school governors for the hire of necessary temporary accommodation while insured damage is being repaired or replaced.

### VAT Recovery

As regards VAT recovery on any capital costs as a result of an insurance claim, the normal rules as set out above will apply. The responsibility for capital expenditure rests with the GB and any supply of building works falling within this definition will therefore be a supply made to the GB, who will be unable to recover the VAT charged on those works. Therefore, when establishing the insurance policy and its value, the insurer should be made aware that any VAT incurred in respect of such works at VA schools is irrecoverable and the premium should therefore reflect that. DCSF have confirmed this view and recognise that this will result in increased premiums for VA schools.

### Annex B

Examples when VAT is recoverable by LA under s33	
Example	Comments
1. Where GBs undertake revenue works and pay for works through the delegated budget	GB acts as LA's agent (S49(5) SSFA)
2. Where GBs donate funding to LA which LA uses to meet expenditure for works for which LA is responsible	<p>Provided the conditions in para 10.4 of Public Notice 701/30 and/or para 7.3 Public Notice 749 (also para 12.1.3 of V1-14 and para 12.3 of V1-07 Ch 21) are met, LA may recover VAT under s33.</p> <p>As the public notices state, this route will not be open for funding which comes from GBs and is used by LA to fund works that are the responsibility of the GBs. This is because:</p> <ul style="list-style-type: none"><li>it will be difficult in most cases for the LA/GBs to argue that the LA can retain ownership of capital works in VA schools (GBs will usually own school buildings and LA will have to incur</li></ul>

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	<p>ongoing costs of upkeep which would normally fall to the GBs).</p> <ul style="list-style-type: none"> <li>In these arrangements, including where the funding originates from DCSF, Scottish or Welsh Assembly Government, direct grant paid to GBs to fund 90%/85% of capital projects, any such funding paid by GBs to LAs to fund capital works should be treated as consideration for a supply to GB. In other words, the money is not donated because it obtains benefits for the GB.</li> </ul>
3. If a private school fund (eg operated by the GB or PTA) donates monies to the LA (or delegated budget) and is used by the LA to pay for works, goods or services for the school, VAT is recoverable provided the conditions in para 7.3 of PN 749 (LA contracts for, pays for, retains ownership etc) are met (also see V1-14 para 12.1.6).	For the reasons in first bullet in 2 above, the LA would be unable to use such donated funds to pay for capital works for which the GBs are responsible.
4. Where LAs or GBs receive donations from organisations such as PTAs, charities or commercial organisations to buy goods and services for the school.	Goods and services must be for the benefit of the school and not the donor and, where received by GB, funds are paid in to delegated budget and not GB's own private account used to meet its own obligations (ie must satisfy para 7.3 of PN 749).
5. If a LA decides to spend its own funds (excluding the delegated budget), by means of an order placed directly by the LA (ie not by the GB) with a supplier, then the VAT would be recoverable. This is so even if the expenditure is on work to the premises of a VA school for which the GB is responsible.	When LA uses its own funds, VAT may be recovered under s33 as described in PN 749 para 7.1 – ie LA must procure the goods or services and receive the supply
6. PFI funding, including BSF PFI funding, awarded to LA	Any unitary charge from the PFI provider is regarded as revenue expenditure and as such is the LA's responsibility
Examples when VAT would not be recoverable by LA under s33	
Example	Comments
1. Under no circumstances should any VAT be recovered by LA in respect of expenditure met from 90%/85% DCSF, Scottish or Welsh	DCSF, Scottish and Welsh Assembly Government funding is calculated to include irrecoverable VAT

## Saint John Houghton Catholic School

Assembly funding (eg Devolved Formula Capital). This funding is awarded to pay for capital works for which the GB is responsible and therefore when it is spent, any VAT incurred is incurred by GB not LA.	
2. If remaining 10%/15% is met directly from GBs' fund raising. This applies even where payment is met from the delegated budget (see comment)	This also applies where, for example for cash flow reasons, GB spends delegated budget to pay for work which is the GB's own responsibility, then subsequently top-up delegated budget by an equivalent amount using funds from the GB's own resources eg rents, fund raising activities etc. In effect, this seems to simply amount to borrowing from the delegated budget. Clearly in this arrangement, the GB is not acting as LA's agent when the delegated budget is spent. In effect, they are spending their own funding and VAT is therefore not recoverable by LA.
3. Where GB's 10% liability is met using delegated budget funding	S49(6)(b) SSFA specifically excludes GBs from acting as LA's agent when they use delegated budget to meet their own liabilities for capital works
4. Where GB spends own private funds on revenue expenditure itself procuring the goods or services	I.e. not paid for from delegated budget or donated to the LA or delegated budget
5. If GB pays funds to LA to carry out work for which GB is responsible	Funding is consideration for a supply from LA to GB and subject to VAT at normal rate (business activity) – VAT incurred by LA on making the supply is not recoverable under s33 (but normal VAT business rules would apply)
6. LA donates funds to GB for capital works for which GB is responsible	Unless LA procures, receives and pays (para 7.1 of PN 749), then supply is not to LA. (Although under para 15.5 of PN 701/30 HMRC historically allowed recovery by LA, this has now been reviewed and revised and the correct position is now as set out in this guidance).
7. On expenditure paid for from income obtained by GB from other sources eg where charges are made for community services eg adult education, sporting facilities etc where	

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money is owned by GB and cannot be paid into delegated budget	
8. On expenditure paid for from funding awarded to GB by lottery, Sport England etc.	Funding does not belong to LA. The GB, as the body awarded the funding, is the body responsible for carrying out the works. Therefore, to the extent that any money is passed to the LA, this may represent consideration for supplies by the LA to the GB to allow it to carry out its commitment in respect of the funding
9. On expenditure from LA Co-ordinated VA Programme ((LCVAP) funding	This funding originates from DCSF and is administered by LAs. However, it is intended to support capital projects which are the GB's responsibility (see section on LCVAP in Blue Book)
10. Although paid via the LA, BSF funding for Design & Build or redevelopment of VA schools is awarded and belongs to the GB for these capital works for which the GB is responsible (exceptionally BSF grant is paid to meet 100% of GB's liability – see Blue Book).	For D&B or redevelopment works procured under BSF, the LA and GB will enter into a Development Agreement for the BSF works. Acting as principal, the LA will procure/project manage BSF work for all schools in its area. When complete, the LA will make a supply of the works to the GB, which will be subject to VAT unless the work can be zero rated. The LA will retain the school's BSF funding as consideration for the supply of the works to the GB.

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### **HM Revenue & Customs – Sales of goods/ services closely related to Education**

Bearing in mind the legislative framework, from 1 September 2002 the following rules should be applied to determine whether goods and services supplied by an LEA are closely related to education:

- The goods and services must be closely related to the education provided. By this we mean for the direct use of the student and necessary for delivering the education to him or her.
- The pupil must receive education from the LEA – in either an LEA maintained school or in connection with some other LEA run educational activity, such as an orchestra.
- The goods and services required must be purchased from the LEA. By this we mean that the LEA must hold title to the goods, and transfer ownership to the parent, guardian or pupil purchasing them. However, within that, the delivery address and point of distribution of those goods and services is a matter for individual LEAs to determine.
- Payment for the goods must be made either to the LEA or to the school. If paid to the school it must be paid into the school's official funds.
- Some evidence, e.g. order form, must be kept to show that the recipient of the goods and services has been receiving education from the LEA, and that what has been supplied was essential to that education. The style of the order form can be tailored to the needs of the LEA.
- The price of the goods and services supplied must be at or below cost; this is there is no intention to make a profit. "Cost" means the full overhead-inclusive price of supplying the goods and services to the pupil and includes, for example, the costs associated in administering the AIPS scheme.
- In certain cases goods may be leased. In such cases the same rules as will apply as for sales.

These rules will apply to all items of goods and services closely related, and essential, to education.

**Read as a whole HMRC have confirmed that the item must be used as a necessary part of receiving tuition directly from an LEA teacher. This tuition does not have to be provided in the classroom, but does require the direct supervision of the teacher.**

**Thus the first two bullet points should be: An LEA school can treat the goods and services it supplies to its pupils as non-business if they are closely related to the non-business provision of education. In order for this to happen the following principle conditions must be satisfied:**

- **the specific goods or services purchased are for the direct use of the pupil in lessons during LEA supervised tuition;**

## **Saint John Houghton Catholic School**

- **in the delivery of education that is part of the school curriculum, and**
- **are necessary for delivering that education to him or her.**

For avoidance of doubt, it is not enough that a similar item is used in the LEA tuition, whilst the purchased item is used elsewhere, e.g. at home, for homework or musical practice. The remaining conditions as set out in 1 September 2002 must also be applied.

HMRC has confirmed that the provision of THRASS teaching aids do not fall under the definition of closely related to education. The supply of these aids would therefore be liable to VAT.

### **Sales of laptop computers and musical instruments for use in an orchestra to teachers and parents**

Sales of computer equipment by LEA schools to either parents or teachers are not considered to be closely related to the provision of non-business education to the pupils and therefore cannot benefit from non-business treatment, even if supplied at or below cost. Thus any payments received by the LEA are business and standard-rated.

This is also applicable to sales of musical instruments where the instrument is used solely in an orchestra and no other tuition is provided.

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#### **Source:**

HMCE letter dated 22 September 2003  
HMCE letter dated 4 December 2006  
CIPFA VAT Committee Minutes March 2008  
CIPFA VAT Committee Minutes June 2008



# Saint John Houghton Catholic School

## Derbyshire County Council – Music Partnership

John Hadfield House  
Centre for School Improvement  
Dale Road  
Matlock

Derbyshire DE4 3RD

Lindsey Tomlinson  
Tel: 01629 580000 x32850  
Fax: 01629 532865  
email:  
lindsey.tomlinson@derbyshire.gov.uk

## **PURCHASE OF MUSICAL INSTRUMENTS FOR PUPILS IN DERBYSHIRE SCHOOLS ONLY**

Pupils who attend a local authority (LA) school or Music Centre can avoid paying VAT on the purchase of musical instruments providing:

- The instrument will be used in the school or Music Centre as part of the curriculum
- The pupil will use the instrument on a weekly basis either in class or in a school/Centre ensemble. If a pupil receives only private tuition (even in school time) but does not use the instrument as indicated (in class or Music Centre) then this scheme is not applicable. Larger instruments are, by their nature, excluded (eg acoustic pianos).

If these criteria are met, those wishing to purchase an instrument and avoid VAT should follow the procedure outlined below:

- Seek advice from your instrumental teacher about the sort of instrument which would best suit your needs.
- Agree with a supplier the instrument make, model and price details (including postage if charged).
- Complete the form below and return it, together with a cheque payable to *Derbyshire County Council* for the net amount (ie without VAT) plus £5.00 administration charge, plus postage (if charged) to the City & County Music Partnership at Matlock .
- The LA will then issue an official order to the supplier (once your payment has cleared) The supplier will then provide an invoice to the Authority. When this has been paid by the LA, the instrument may be collected by you from the supplier.
- If you have any queries regarding the use of this form, please contact the Music Administrator (01629-580000 extension 32850)

---

Returned completed form to: Music Partnership, John Hadfield House, Dale Road, MATLOCK DE4 3RD

Name of Pupil: \_\_\_\_\_

Address: \_\_\_\_\_

Post Code: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

School and/or Music Centre attended: \_\_\_\_\_

### Instrument details:

Type \_\_\_\_\_

Price **before** VAT: £ \_\_\_\_\_

Manufacturer \_\_\_\_\_

Postage: (if charged) £ \_\_\_\_\_

Model \_\_\_\_\_

Administration Charge **£5:00**

Supplier name \_\_\_\_\_

Cheque Total: £ \_\_\_\_\_

Supplier address: \_\_\_\_\_

VAT amount: £ \_\_\_\_\_

\_\_\_\_\_

Total: £ \_\_\_\_\_

\_\_\_\_\_

Supplier Telephone: \_\_\_\_\_

Supplier Fax: \_\_\_\_\_

---

I will collect the instrument from the supplier

☐

Please deliver the instrument to my home address

☐

(in this case, ensure that if any postage is charged, it is added to your cheque. Failure to do this will result in a delay in processing your order).

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I have already collected the instrument

☐

Signed (Parent) \_\_\_\_\_ Signed (Headteacher) \_\_\_\_\_

Authorised Signature (on behalf of Music Partnership) \_\_\_\_\_

Date \_\_\_\_\_

For office use only:

<b>Cheque amount:</b>	<b>Cheque number:</b>
<b>Date cheque sent to County Hall:</b>	<b>Date order to be placed:</b>

<b>Order placed by:</b>	<b>Date:</b>
<b>Order number:</b>	

<b>Invoice number:</b>	<b>Date invoice authorised:</b>
<b>Invoice amount (excluding VAT):</b>	<b>Invoice accepted by:</b>

## Catering in Local Authority Schools

- a. Sales to Pupils and Students at cafeterias, snack bars, tuck shops, vending machines and similar outlets run by a local authority.**

**All supplies of catering may be treated as non-business if supplied at or below cost.** Supplies by a local authority to its pupils of taxable foods by an outlet may also be treated as non-business provided that the sale of all food and drink to pupils is provided at or below cost. Local authorities will need to consider whether, taking overall sales for a school over the school year, the sales are at or below the cost to the school of providing the catering. (Overall sales being all sales of food and drink to pupils from all outlets in the school). 'Cost' means the fully overhead-inclusive cost of bringing the food and drink to the pupils which includes, for example, the labour costs associated with cooking hot meals. When determining whether a particular school meets the 'at or below cost' criterion, it is acceptable to look at all sales of food and drink to pupils, from all outlets in the school, over a period of time such as a year. Equally it is acceptable for an LEA to apply this exercise across all the schools within its control. Where a school may fail to meet the 'at or below cost' criterion according to this global formula, Customs will accept a separate calculation for each outlet (canteen, refectory, tuck shop, kiosk, trolley, vending machine and so on) and treat as business only those where the cost was exceeded. Where an outlet has been treated separately and the cost is exceeded, the sales will be seen to be a supply of catering and output tax will be due on the income received. It will not be possible to differentiate between the zero and standard rated items as the supply is one of catering.

- b. Sales to Staff, Visitors and the General Public.**

Following [Business Brief 12/06](#), HMRC have confirmed that schools can be treated in the same way as any other catering facility. Where supplies cannot be separately identified from sales to students and pupils, a reasonable apportionment must be used.

- c. Sales to Pupils by Outlets not operated by the local authority or governing body**

Such sales follow the normal rules, i.e. supplies of catering will be subject to VAT at the standard rate.

## Accounting for VAT

Where a local authority finds 'point-of-sale' accounting to arrive at the value of taxable sales impracticable, i.e. where sales are made to visitors and staff, it may wish to discuss with its

## **Saint John Houghton Catholic School**

local VAT office the possibility of agreeing an apportionment which would, subject to review, be used to split total takings into non-business takings and taxable takings to determine the VAT due to Customs.

Such an arrangement would normally apply to individual outlets. The local authority would be required to explain why apportionment was necessary and to satisfy Customs that it would achieve a fair and reasonable result. Apportionment percentages will normally be agreed only after a representative sampling exercise - e.g. proper point-of-sale distinction at each outlet for a typical period of, say, a week.

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**Appendix C**

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# **Saint John Houghton Catholic School**

## **SAINT JOHN HOUGHTON CATHOLIC SCHOOL CHARGING and REMISSIONS POLICY**

### **BACKGROUND**

1. The Governing Body is required by Law to have a statement of general policy on charging and remissions that takes account of each type of activity that can be charged for, and explains when charges will be made and when charges will be remitted. This policy has been drawn up in accordance with Sections 449-462 of the Education Act 1996 (The Act) and Regulations 1999: SI 1999/2255 which set out the law on charging for school activities and the complementary guidance in "A Guide to the Law for School Governors – Chapter 23". This policy takes account of the particular Catholic ethos of Saint John Houghton Catholic School ("The School") and the activities that take place as part of school life. The policy will be reviewed by the Governing Body annually.
2. The Act distinguishes between education during school hours and education outside of school hours in defining how and when charges can be made.
3. The Act also distinguishes between "charges" and "voluntary contributions". These are defined and explained in para 22. below.

### **EDUCATION DURING SCHOOL HOURS**

4. No charge will be made for admitting students to the school. Education provided during school hours will be free of charge. This includes materials, equipment, and transport provided in school hours by the Local Authority (LA) or by the school to carry students between the school and an activity. It also includes activities taking place during the school day, such as visiting theatre companies or day trips for students. The school will not charge for preparing or entering students for examinations or for examination resits provided that the examination is part of the prescribed examination programme for the school. However there are some exceptions and these are detailed in paragraphs 4 and 5 below. 'School hours' are those when the school is actually in session, and do not include the break in the middle of the school day. The current school day has two sessions: morning session 8.45am – 12.30pm; and afternoon session 1.30pm – 3.30pm. Where an activity takes place partly during and partly outside school hours then the formula set out in paragraphs 10 and 11 below should be used for determining the charging basis.

#### **Musical Instrument Tuition during school hours**

5. There is an exception to the rule about not charging for activities in school hours. Charges may be made for teaching either an individual student, or groups of up to four, to play a musical instrument, if the teaching is not an essential part of either the National Curriculum or a public examination syllabus being followed by the student. The charge made for this activity will be the actual charge of the activity and will vary according to the instrument being taught. Parents will be notified in advance of the charge made for each lesson. The charges for these lessons will be set down in a contract between the private music teacher and the parent. The school itself will not charge for this activity.

#### **Activities during school hours not run by the school or the LA**

6. When an organisation acting independently of a school or LA arranges an activity to take place during school hours and parents want their children to join the activity, such organisations may charge parents. Parents must then ask the school to agree to their children being absent, just as they would if they wanted to take their children out of school for a family holiday. However, where an activity is organised by a third party, and is approved by the school, is educational or is supervised by someone authorised by the school, then it is the Government's view that it should be treated as if it were provided by the school, and so no charge will be made to the parents, or students. Such an activity, if it takes place outside the school premises, is an 'approved educational activity' within the meaning of Regulation 4A (a) of the Education (Student Registration) Regulations 1995 (as amended).

### **EDUCATION OUTSIDE SCHOOL HOURS**

7. The School will charge parents for activities that happen outside school hours when these activities are not a necessary part of the National Curriculum or do not form part of the school's basic curriculum for religious education. These are described as 'optional extras' under The Education Act 1996.

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## **VOLUNTARY CONTRIBUTIONS**

8. Although there will be no charge for activities taking place during school hours, the school will invite parents and others to make voluntary contributions (in cash or in kind) to make school funds go further. All requests to parents for voluntary contributions will make it quite clear that the contributions are voluntary **and may include contributions towards the indirect costs of providing supply teacher cover for the school during the activity/trip**. Students of parents who do not contribute will not be treated any differently. If a particular activity cannot take place without some help from parents, then that will be explained to parents in writing at the planning stage. Where there are insufficient voluntary contributions to make the activity possible, and there is no way to make up the shortfall, then the activity will be cancelled.

## **RESIDENTIAL VISITS DURING SCHOOL TIME**

9. The school will charge for board and lodging. Other costs such as transport to and from the venue, activities and events held as part of the residential will be funded through voluntary contributions. The costs of providing supply cover for staff accompanying students on a residential will be funded through voluntary contributions.

## **RESIDENTIAL VISITS OUTSIDE OF SCHOOL TIME INCLUDING IN SCHOOL HOLIDAYS**

10. The school will charge for board and lodging, transport costs and any activity or event held as part of the residential.

## **EDUCATION OR ACTIVITY PARTLY DURING SCHOOL HOURS**

### **Non-residential Activities**

11. If 50% or more of the time spent on the activity occurs during school hours, it is deemed to take place during school hours. Time spent on travel counts in this calculation if the travel itself occurs during school hours. School hours do not include the break in the middle of the day. Where less than 50% of the time spent on an activity falls during school hours, it is deemed to have taken place outside school hours.

### **Residential Activities**

12. If the number of school sessions taken up by the visit is equal to or greater than 50% of the number of half days spent on the visit, it is deemed to have taken place during school hours (even if some of the activities take place late in the evening)

## **OTHER CHARGES**

### **Public Examinations**

13. No charges will be made for entering students for public examinations that are set out in regulations and where the school has prepared that student through the syllabus.

An examination entry fee may be charged to parents if:

- the examination is on the set list, but the student was not prepared for it at the school;
- the examination is not on the set list but the school arranges for the student to take it;
- a student fails without good reason to complete the requirements of any public examination where the governing body or LA originally paid or agreed to pay the entry fee; this includes failure to attend for an examination without good reason.

### **Transport – School Minibus**

14. Under Section 19 of the Transport Act 1985 and in accordance with the provisions of the Minibus and Other Section 19 Permit Buses Regulations 1987, the school may make a charge, where applicable for use of the school minibus. The Section 19 Bus Permit specifies that students of any school, college, university or other educational establishment and staff or other helpers accompanying them may be carried as passengers. A charge will be made on a per kilometre basis and the per kilometre rate will be determined by the Finance Sub-Committee of the Governing Body. The charge is currently 33p per kilometre (October 2010).

### **Transport – School Buses**

15. The school provides a bus service (the 323) for those students living in the Chaddesden/Spondon area who do not qualify for free home to school travel. The charges for this service are set to recover the costs of the service and are determined by the number of students travelling on the bus. Parents will be informed of the charge at the start of each term and payment will be in advance for that term.

### **Lettings of school facilities**

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16. The school will from time to time allow other groups to use school premises. The school Premises Licence is not a full licence and limits the number of licensable events to 12 per year. Charges for use of school premises are set at the start of each financial year and are set out in the minutes of the Governors' meeting.

### **PENALTIES**

#### **Unauthorised Absence**

17. The Anti-Social Behaviour Act 2003 came into force on 27 February 2004. It gives new powers to the County Council, Schools and the Police to issue Penalty Notices for non-attendance at school. The school will, in collaboration with the County Council, issue penalty notices if appropriate. The charges will be as set out in Derbyshire County Council's Advice for Parents and Carers.

#### **Damage to or loss of Property/Equipment**

18. Where a student has lost or caused damage to property or equipment belonging to the school or to another student through deliberate misuse or vandalism then the school will charge parents for repairing or replacing the equipment. In collaboration with the school transport providers, the school will also charge parents for any wilful damage caused to school buses by students.

### **REMISSION OF CHARGES**

19. Parents who can prove that they are in receipt of any of the following benefits (the qualifying criteria for free school meals) will be exempt from paying the cost of board and lodging for residential activities taking place during school hours:

- Income Support (IS);
- Income Based Jobseekers Allowance (IBJSA);
- Support under part IV of the Immigration and Asylum Act 1999;
- Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £15,575 (Financial Year 2008/09);
- the guarantee element of State Pension Credit;
- an income related employment and support allowance that was introduced on 27 October 2008.

Those children qualifying for FSM will qualify for full remission of charges for board and lodging.

20. Letters will be sent to parents at the planning stage of a visit to make it clear that those qualifying under paragraph 18 above will be exempt from the charges relating to board and lodgings for residential activities taking place during school hours.
21. The school will meet the costs of board and lodgings for those children exempt. When trips or activities taking place during school time are oversubscribed then the process for selecting children to take part will be fair and open and those who are exempt from charges will not be disadvantaged. Ability to pay will not be a factor in selecting children to take part.
22. Charges to parents must not exceed the actual cost of providing the activity (see the table below for appropriate charges) and must not include additional amounts to subsidise the event or other students. Voluntary contributions may be sought at any time and for any activity. In the event of excess charges being made, parents will be refunded. However, voluntary contributions will be retained by the school as "Private School Funds".

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## SPECIFIC ARRANGEMENTS FOR SAINT JOHN HOUGHTON CATHOLIC SCHOOL

The table below illustrates how the school will charge for the range of activities typically taking place during a school year.

<b>Event</b>	<b>Cost Type</b>	<b>Charge YES/NO</b>	<b>Voluntary Contribution YES/NO</b>	<b>Remission of charges where applicable</b>
Briars retreat (during week)	Board & lodging Transport Activities Supply costs	YES NO NO NO	n/a YES YES YES	YES n/a n/a n/a
Briars retreat (weekend)	Board & lodging Transport Activities	YES YES YES	n/a n/a n/a	NO but See note 1 below
Lourdes Pilgrimage during school hours	Board & Lodging Transport Activities Supply Cover	YES NO NO NO	n/a YES YES YES	YES n/a n/a n/a
Lourdes Pilgrimage during school holiday	Board & lodging Transport Activities	YES YES YES	n/a n/a n/a	NO but See note 1 below
Mablethorpe during summer holiday	Board & Lodging Transport Activities	NO NO NO	YES YES YES	not applicable
Other residential trips during school term (eg Skiing, Activity Week, Battlefields, French/Science trip, geography field trips)	Board & lodging Transport Activities Supply costs	YES NO NO NO	n/a YES YES YES	YES n/a n/a n/a
Other residential trips outside of school time or during school holidays	Board & lodging Transport Activities	YES YES YES	n/a n/a n/a	NO NO NO
Non-residential trips or other visits during school hours, eg Space Centre, Mission to Mars, Film Visits	Transport Activity Supply	NO NO NO	YES YES YES	n/a n/a n/a
Non-residential trips or other visits outside or largely outside school hours <b>not part of the national curriculum</b>	Transport Activity	YES YES	n/a n/a	NO NO
Non-residential trips or other visits outside or largely outside school hours and <b>part of the national curriculum</b> , eg theatre trip to see GCSE production	Transport Activity	NO NO	YES YES	n/a n/a

**Note 1:** As part of the distinctive Catholic ethos of the school, the Governing Body wishes to make available to every child the opportunity to take part in Briars Retreats and Pilgrimages to Lourdes. Although not obliged to do so the school will seek to assist families to meet the costs of these activities. Parents experiencing financial difficulties not already covered under the remissions section of this policy will be advised to contact The Chaplain.

Policy reviewed and agreed by the Governing Body:  
Reviewed:  
Date for next Review:

21<sup>st</sup> April 2009  
02 November 2010  
November 2013

Signed by Chair of Governors:

Mrs E Brown

Date:

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**Appendix H**

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**Appendix I**