

2. FINANCE

Overview

Funding arrangements for property matters are mentioned as relevant throughout this manual. This section has been added to provide a point of reference for all finance related matters.

There is a national funding framework in place that helps to determine relative funding responsibilities for property issues between Councils and schools. Put simply, schools are responsible for meeting the cost of day to day costs associated with running schools, with the Council only responsible for meeting the cost of the more substantial building related works (generally where a the scheme exceeds £2,000 and meets qualifying criteria).

Guidance on relevant responsibilities are set out in the BF Scheme for Financing Schools, which can be viewed at:

<https://schools.bracknell-forest.gov.uk/wp-content/uploads/scheme-for-financing-schools-2018.pdf>

Attention is drawn in particular to section 12 which deals with responsibilities for repair and maintenance.

In spending public money, schools also need to abide by the Council's conditions and controls relating to purchasing, tendering and contracting. A summary of the key requirements has been added to the end of this section. Schools should refer to Procurement Manual on Doris, the Council's intranet site for comprehensive and up to date guidance. This can be found at:

<https://doris.bracknell-forest.gov.uk/page/procurement-manual>

Day to Day Property Costs (Revenue Expenditure)



In respect of repair and maintenance, the DfE permits governing bodies to use delegated revenue budget shares to meet the cost of capital expenditure on the school premises (see below for more information on capital expenditure) provided the Council is notified and account is taken of any advice from the Director of People. This would ordinarily include the merits of the proposed expenditure, especially in regard to School Premises Regulations, DfE Construction

Standards, Construction (Design and Management) Regulations, together with relevant Planning and Health and Safety Regulations etc., and any appropriate policies of the Council.

Schools are responsible for meeting the cost of all day to day property related expenses – including school kitchens, caretakers' accommodation and facilities made available to the community - and are financed for relevant expenses through the Funding Formula for Schools. It is the responsibility of each governing body to determine the level of resources to be spent from the school budget on such matters, but this will need to cover the following property related areas:

- repairs and maintenance – generally up to £2,000 per project
- energy
- water
- insurance
- health and safety
- rent and rates
- cleaning
- legal and other professional costs

Schools planning to use revenue funds to finance capital expenditure should in the first instance contact education.finance@bracknell-forest.gov.uk

Substantial Building Works (Capital Expenditure)

School Funding: Devolved Formula Capital (DFC)

DFC is allocated to schools by the DfE on a national funding formula, to be spent on improving the condition and suitability of school accommodation and significant ICT hardware purchases. In 2018-19, the average sized primary school in the borough received around £8,300 and the average sized secondary school around £24,100.

DFC gives schools direct funding for the priority capital needs of their buildings, which can be capital repair, remodelling or new build and investment in ICT equipment. In deciding how to prioritise this funding it is essential that schools do not neglect their buildings, but consider all their longer term premises and infrastructure needs, including ICT, and the longer term benefits of improving them.



All capital investment at maintained schools should contribute to raising educational standards and should be in line with the priorities agreed locally, and set out in the Council's Asset Management Plan (AMP), which are Compliance, Condition, Suitability and Access. Decisions on the use of DFC will be made by schools, following local discussions in the context of the AMP and in relation to the priority needs of school buildings.

A summary of expenditure conditions attached to DFC is as follows:

- DFC can only be used for the purchase or enhancement of an asset which must have an expected life span of over one year. It cannot be used for:

- the cost of salaries or wages
 - general maintenance, redecoration or routine repairs
 - for the purchase of books, ICT software or training materials/services
 - funding leases in respect of equipment or facilities
 - fund the hire of temporary accommodation, unless it is part of a larger project which has a short-term requirement to re-house classes
- DFC cannot be used for eligible expenditure where the amount falls below the Council's minimum capital spend threshold of £2,000.
 - DFC must be spent within 3 years and one term of allocation or may be reclaimed by DfE.

Where the Council owns the premises, then the governing body must seek the consent of the Council to the proposed works prior to the acceptance of any tenders for the work. Further general guidance on DFC and the application form for capital project approval by the Council can be found at:

<https://schools.bracknell-forest.gov.uk/property/capital-programme/>

Note that it will no longer be permissible for schools to draw down funds against a future year's allocation.

VA schools will receive their DFC allocation direct from the Education Funding Agency. The governors of VA schools raise 10% of the total DFC allocation and, therefore, only 90% of the allocation is provided for these schools by DfE. However, as VA schools do not have access to any VAT refund scheme for their capital costs, the DFC paid to the schools includes an element of funding for VAT.

Council Funding: DfE Maintenance Grant

DfE allocate capital grant to local authorities to fund planned works programmes. The allocation for each local authority is based on the relative proportion of DFC paid to the schools in the respective local authority. For 2018-19, the Council received a grant allocation of £1.5m.

To effectively target funding, an assessment is made of each building element and its repair priority with a condition rating and repair urgency. Account is also taken of relevant health and safety requirements.



To recognise the potential overlap of DFC and the Maintenance Grant, and to maximise investment in assets, a cost sharing agreement is in place whereby schools make a contribution to the cost from their DFC budget where the Council undertakes planned maintenance works. An outline of the features of the scheme is as follows:

- The contribution should be 10% of the estimated cost of the works on the condition survey, up to a maximum ceiling of 75% of the schools annual DFC allocation.
- Where the final cost of the works exceeds the estimated cost of the works on the condition survey the Council will pay the additional cost and the school's contribution will be fixed at the original agreed figure.
- Where the final cost of the works is below the estimated cost of the works on the condition survey the Schools contribution will be reduced on a pro-rata basis.
- School contributions to be subject to abatement where a school has previously agreed with the Council for the allocation of its DFC to an alternative capital project.
- The above approach to be applied consistently to all schools

Schools are notified before the commencement of each financial year of planned works anticipated on their site so that sufficient funding can be set aside in their DFC budget.

Different arrangements are in place for VA schools which are funded by the DfE through the Locally Co-ordinated VA Programme (LCVAP) Grant. LCVAP is allocated to projects identified by the Oxford (Church of England) and Portsmouth (Catholic) Dioceses and amounted to £0.179m in 2018-19.

Borrowing by Schools to Finance Capital Expenditure

Loans from the Council

The DfE does not permit schools to borrow money outside of their Council. To assist schools with capital investment, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the Council will advance funds to schools on the basis of repayment from future budget allocations i.e. revenue money.

The criteria for loans for capital projects, where schools must provide a repayment plan, are:

- it relates to a major capital project which would otherwise result in the project not being undertaken;
- to finance invest to save schemes e.g. energy efficiency investments which result in net annual savings after making the required loan repayments.



Interest will be charged at 1% above the Council's cost of borrowing on the date on which the loan is advanced unless the Council agrees for it to be waived, with each application being assessed on its individual merits.

Paragraph 4.9 of the Scheme for Financing Schools sets out more information on loan arrangements.

<https://schools.bracknell-forest.gov.uk/wp-content/uploads/scheme-for-financing-schools-2018.pdf>

Education Finance

Tel: 01344 354187

education.finance@bracknell-forest.gov.uk

Salix Loans

The one exception to borrowing money outside of the Council relates to loan schemes approved by the DfE. The DfE is committed to helping schools save money by becoming more energy efficient and therefore greener. The DfE works with Salix Finance Ltd to provide interest free loans for Energy Efficiency Initiatives. There is still a requirement to demonstrate affordability of schemes that can be funded through this route, which needs to be confirmed with education.finance@bracknell-forest.gov.uk

Assistance and advice on the Salix Loan scheme can be obtained from Hash Patel.

Hash Patel

Tel: 01344 355195

Hash.patel@bracknell-forest.gov.uk

Summary Requirements on Competition, Procurement and Tendering

Supplies and Services

Minimum Requirements

✓ = Mandatory

		Up to £5K	>£5K to £35K	>£35K to £181K**	>£181K** to £400K	>£400K to £1m	>£1m
Strategic Procurement Plan	Director* to approve				✓	✓	✓
	Executive Member to approve					✓	✓
	Executive to approve						✓
Format	Request for Quotation (RFQ)	✓ oral	✓	✓			
	Invitation to Tender (ITT)			Optional	✓	✓	✓
Specification		✓ oral	✓ outline	✓	✓	✓	✓
Terms	BFC terms and conditions	Preferred	Preferred	✓			
	Special terms - contact Legal Services			Optional	✓	✓	✓
Competition	Seek a minimum of 3 quotes	Preferred.	✓	✓			
	Formal Tender - seek a minimum of 5 tenders				✓	✓	✓
	Order under a Framework Agreement	Mini competition of all suppliers able to meet the requirement - or otherwise as defined in the Framework Agreement					
Advertising	SE Business Portal (or equivalent) and Contracts Finder (except schools)			Preferred.	✓	✓	✓
	European website (TED)				✓	✓	✓
Approval of Contract Award	Director*	✓	✓	✓			
	Where a procurement has been the subject of an approved procurement plan, further approval at contract award stage is only required where cost and scope as stated in the procurement plan are not met or where the procurement plan states that such approval is required.						
	Report to Director*				✓		
	Report to Director and Exec Member					✓	✓
Contract Award Notice	SE Business Portal and Contracts Finder			Where advertised.	✓	✓	✓
	European website (TED)				Where advertised on TED.		
Form of Contract	Purchase Order	✓ oral	✓	✓			
	Contract signed by Director*				✓	✓	✓
	Deed signed under seal by Borough Solicitor	Where required to give the contract legal efficacy or if requested, for example to comply with industry practice.					
Waivers and extensions beyond those written into the contract. Based on total resulting contract value.	Director* to approve	✓	✓	✓			
	Specific action to be agreed with Borough Solicitor.				✓	✓	✓

* Or as delegated

** Threshold is £181,302 as of 1st January 2018.

Works

Minimum Requirements

✓ = Mandatory

		Up to £5K	>£5K to £35K	>£35K to £181K**	>£181K** to £400K	>£400K to £1m	>£1m
Strategic Procurement Plan	Director* to approve					✓	✓
	Executive Member to approve					✓	✓
	Executive to approve						✓
Format	Request for Quotation (RFQ)	✓ oral	✓	✓			
	Invitation to Tender (ITT)				✓	✓	✓
Specification		✓ oral	✓ outline	✓	✓	✓	✓
Terms	BFC terms and conditions	Preferred	Preferred	✓			
	Special terms - contact Legal Services			Optional	✓	✓	✓
Competition	Seek a minimum of 3 quotes	Preferred.	✓	✓			
	Formal Tender - seek a minimum of 5 tenders				✓	✓	✓
	Order under a Framework Agreement	Mini competition of all suppliers able to meet the requirement - or otherwise as defined in the Framework Agreement					
Advertising	SE Business Portal (or equivalent) and Contracts Finder (except schools)					Preferred	✓
	European website (TED)						Mandatory above Threshold***
Approval of Contract Award	Director*	✓	✓	✓			
	Report to Director*				✓		
	Where a procurement has been the subject of an approved procurement plan, further approval at contract award stage is only required where cost and scope as stated in the procurement plan are not met or where the procurement plan states that such approval is required.						
	Report to Director and Exec Member					✓	✓
Contract Award Notice	SE Business Portal and Contracts Finder					Where advertised.	✓
	European website (TED)						Where advertised on TED.
Form of Contract	Purchase Order	✓ oral	✓	✓			
	Contract signed by Director*				✓	✓	✓
	Deed signed under seal by Borough Solicitor	Where required to give the contract legal efficacy or if requested, for example to comply with industry practice.					
Waivers and extensions beyond those written into the contract. Based on total resulting contract value.	Director* to approve	✓	✓	✓	✓	✓	
	Specific action to be agreed with Borough Solicitor.						Mandatory above Threshold***

* Or as delegated

** Threshold is £181,302 as of 1st January 2018.

*** Threshold is £4,551,413 as of 1st January 2018

For all contracts, keep written records of decision-making process, and ensure governors delegate clear and specific procurement authorisations. **Always refer to the Procurement Manual on Doris for the latest guidance and conditions.**