

# NORFOLK COUNTY COUNCIL

## CLUSTER ARRANGEMENTS AND GOVERNANCE

.....

An agreement between schools and other institutions to form the

..... **Cluster**

\_\_\_\_\_

This **AGREEMENT** is made the \_\_\_\_\_ day of 2012

**BETWEEN**

<i>insert names of all participating schools and other agreed institutions,</i>		
<i>headteacher or senior manager and chair of governors to sign.</i>		
<b>SCHOOL</b>	<b>HEADTEACHER / SENIOR MANAGER</b>	<b>CHAIR OF GOVERNORS</b>

**Signed on behalf of Norfolk County Council Children’s Services**

<b>Name</b>	<b>Director Of Children’s Services</b>

**Cluster Vision**

## **(Rationale or aims for your cluster collaboration)**

Based on the responses to the cluster consultation there is a common expectation that the cluster will set out how it will engage with each of the following expectations of effective clusters.

- A collaborative focus on **raising standards**
- The development of a **wider entitlement of experiences** for all our pupils
- A local **Every Child Matters agenda**, i.e. local solutions to local issues
- The opportunity to develop more **cross-phase projects / programmes** to work innovatively with any specialist provision (SEN) or Academy Trust or Children's Centre in the locality / cluster
- The opportunity to create more **efficient and effective support services**
- The opportunity to develop a new inclusive curriculum with effective transition from pre-school to post 16
- The ability to **attract staff** to more innovative approaches
- Provide **school improvement** support

### **A The \_\_\_\_\_ Cluster ("the Cluster"):**

1. The Cluster offers support to all participating institutions in education of the highest quality and greatest practicable range to students of all abilities in the \_\_\_\_\_ area. (see attached map)
2. The Cluster uses the resources allocated to the cluster plus any additional resource contributed to it by participating institutions or other bodies to help meet the objectives of the Cluster. Participating institutions may add to the cluster budget by pooling resources as they see fit.
3. The Governing Bodies of the cluster schools agree to delegate to a joint committee (the "Cluster Governance Committee") responsibility to agree cluster plans, related activities and the allocation of resources specified for cluster activity.
4. The Cluster seeks to help meet the needs of students from the participating schools in accordance with the description of effective cluster activities set out in

APPENDIX 2 and as agreed in an annual development plan. The Cluster Governance Committee as defined in this agreement will record annually who has voting rights to represent each institution.

5. This agreement will be reviewed annually by the Governing Bodies of the participating schools.

## **B Cluster Governance**

1. The Cluster Governance Committee **informs** the Governing Bodies of each participating institution on all matters pertaining to the Cluster. The following persons are entitled to attend any meeting of the Committee: any member of the Committee provided not suspended from a participating school, the head teacher or named substitute of the schools whether or not a member of the Governance Committee and such other persons as the Committee may determine.
2. Each Governing Body will determine the membership on the Cluster Governance Committee for their school.
3. The Governing Bodies of the schools seek to reach common agreement on Cluster activity in order that the "Cluster Lead"<sup>1</sup> (SEE SECTION "C" BELOW) is able to ensure that appropriate practices are followed.
4. The Committee makes **decisions** by a majority vote. Each school or institution will have only one vote (each school will decide who has the authority to cast that vote). Where there is an equal division of votes the person who is acting as chair of the Committee for the purposes of the meeting shall have a second or casting vote, provided that person is a member of a participating Governing Body. If a decision cannot be reached the matter is referred to the full Governing Bodies of the participating institutions for consideration.
5. The Cluster Governance Committee is chaired by a governor elected annually by the members of the Committee.
6. The Cluster is chaired by the person agreed annually by the headteachers of the participating schools (Cluster Lead).

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<sup>1</sup> Currently the term Cluster Chair is used to describe the head teacher elected by all the head teachers in a cluster to chair cluster meetings and co-ordinate cluster activity. Clusters may use different models to identify an appropriate person to lead and co-ordinate on cluster activity. Please amend the term Cluster Lead accordingly (e.g. Chair of Cluster Heads, Cluster Co-ordinator etc.)

7. The Cluster Lead and the Chair of the Cluster Governance Committee are responsible for agendas. The Clerk keeps the minutes of all meetings. The Cluster Lead shall ensure that a financial report is provided for the Committee each term.
8. The clerk shall convene and attend the Committee meetings, perform those other functions determined by the Committee and comply with any direction given by the Committee. The Committee may if the clerk fails to attend one its meetings appoint any one of its members to act as clerk for the purposes of that meeting.
9. The clerk shall (usually) give to each member of the Committee at least seven clear days in advance: (a) written notice of the meeting; (b) a copy of the agenda for the meeting and (c) any reports or other papers to be considered at the meeting. The items referred to at (a), (b) and (c) shall be made available as soon as reasonably practicable for inspection by any interested person save that any matter that the Committee is satisfied should remain confidential.
10. The Committee may remove the clerk at any time in accordance with their employment rights.
11. Any person disqualified from holding office as a governor under the relevant school governance regulations or suspended from any participating school cannot attend the Cluster Governance Committee. If any governor or headteacher ceases to be a governor or the headteacher of a participating school they cannot continue to be a member of the cluster.
12. The proceedings of the Committee shall not be invalidated by any vacancy among its number or any defect in the appointment of any member of the Cluster Governance Committee.

**13. Cluster Governance Committee - Model Terms of Reference:-**

- *To agree the cluster strategy*
- *To agree the cluster development plan and related budget.*
- *To monitor the spending of funds delegated by the Local Authority or other sources to the cluster of schools.*
- *To ensure that all schools in the cluster receive regular reports on the use of funds allocated to the cluster.*
- *To receive reports from any schools or individuals to whom a responsibility or decision has been delegated, and to consider any action required to be taken by the committee.*

- *To monitor and evaluate the progress and impact, on outcomes for children and young people in the cluster area, of any actions taken by the schools in the cluster in relation to spending delegated funding.*
- *To ensure collective accountability for any collaborative activity or provision undertaken by the cluster schools.*
- *To ensure that all schools in the cluster should have the benefit from cluster activities where appropriate.*
- *To agree any procedures where the committee has discretion.*
- *To review the effectiveness of Cluster Governance Committee annually.*
- *To ensure that there is an effective SEN sub-group to analyse SEN needs and issues and make recommendations for action to the Cluster Governance Committee.*
- *To review the training and development needs of governors in the cluster and propose actions.*

#### **14. Cluster Governance – Model Summary of Constitutional Arrangements**

- *The Cluster Governance Committee (“CGC”) shall meet at least twice per year, or more frequently by agreement of the voting members.*
- *The committee shall elect, by majority vote, a Chair and Vice-Chair from amongst the voting governor members, through self-nomination for the position unless otherwise agreed by the voting committee members.*
- *Committee meetings shall be formally clerked, preferably by an independent clerk, i.e. not a clerk from any of the cluster schools, if possible.*
- *Sub-committees or working groups can be established where appropriate to facilitate the work of the committee – these may be working groups of governors, of professional staff or a combination of both.*
- *Every governing body in the cluster is entitled to have voting membership of the committee and each cluster school shall have one vote.*
- *Voting members of the committee shall be named full members of the cluster governing bodies.*
- *Each governing body shall name a substitute to attend meetings when the voting member is unable to attend.*
- *The Headteacher of every other school in the cluster shall be a member of the committee unless s/he chooses not to be. The Centre manager of any constituent Children’s Centre will be a member of the committee.*
- *Each Headteacher shall name a substitute to attend meetings in his or her absence.*
- *The quorum for meetings shall be 50% of the voting governor members.*
- *Decisions shall be made by majority vote.*
- *Representative governors from Academies, Trust Schools or Interim Executive Boards shall be bound by general governance arrangements for Maintained, VC, VA or Foundation Schools.*
- *Minutes of meetings will be distributed to individual governing bodies by individual voting members )*

## **C The Cluster Lead<sup>2</sup>**

The Cluster Lead is employed by \_\_\_\_\_

The Cluster Lead is responsible for;-

- I.
- II.
- III.
- IV. Attending the termly meetings with the Director of Children's Services or her nominee
- V. The Cluster Lead reports to his or her school's Chair of Governors but he/she is elected by the headteachers within the cluster who can remove the Cluster Lead by majority vote.
- VI. The Cluster Lead provides updates to each cluster headteacher meeting.
- VII. The Cluster Lead provides a report twice a year to the Cluster Governance Committee.

## **D Students in the cluster can expect**

- This can be constructed by each cluster to identify key outcomes that students in the cluster can expect from cluster activity.

## **E Personnel appointed to the cluster**

- Participating schools agree to the terms and conditions of the Cluster Finance and HR Procedure set out in Appendix 1, which forms part of this agreement.

## **F Finance**

- The participating schools agree the terms and conditions of Cluster Finance and HR Procedure as set out in Appendix 1, which forms part of this agreement.

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<sup>2</sup> This section will need to be amended according to the model of cluster leadership and/or co-ordination chosen by the cluster. The working in Section C currently assumes a head teacher takes on the role.

- There shall be a separate account set up for this cluster.
- The schools financial standards and the audit function applied to Norfolk Schools will also apply to cluster accounts.

## **J Formal Ending of the Agreement**

The agreement is of indefinite length. If this agreement is terminated the schools agree to co-operate to ensure an orderly cessation of their joint activities. Any individual school would be required to give sufficient notice for this process. This will always be at least the minimum required to allow for statutory procedures and usually a minimum of 2 terms. Any process to end the agreement for one or more partners should address the following consequences of termination:

- a) the future of the Functions allocated to the cluster;
- b) any outstanding relationships with contractors;
- c) personnel and employment issues; in line with Appendix 2.
- d) the financial impact of termination including the division of assets between the participating schools which will be on an equal basis unless otherwise agreed by the schools; in line with Appendix 1.
- e) any other relevant issues.

## **K Sharing and Handling of Information**

1. The schools and any other participating bodies shall, when they obtain access to personal data obtained by or in the possession of the others, ensure that they and their employees will duly observe all their obligations under the Data Protection Act 1998 which arise in connection with this agreement.
2. Prior to the issue of any release or making any contact with the press on any matter relating to the agreement attracting media attention the Committee shall determine a strategy for the release or handling of the issue and should normally consult with Norfolk County Council.

## **L Disputes Resolution**



1. The schools and any other participating bodies agree that it is in their interests to resolve any dispute between them (which relate to and concern their agreement) promptly and amicably.
2. Any dispute or disagreement shall in the first instance be referred to the Cluster Governance Committee within 28 days of the dispute or disagreement who shall seek to resolve the same.
3. If the Committee is unable or unwilling to resolve the said dispute or disagreement the schools and any other participating bodies shall attempt in good faith to resolve the dispute or disagreement by referring the matter to the Director of Children's Services of Norfolk County Council who shall act as an arbitrator in the dispute.

**ANNEX 1**

**FINANCE AGREEMENT AND HR PROCEDURE & OPERATIONAL  
GUIDANCE MANUAL**

**ANNEX 2**

**SPECIAL EDUCATIONAL NEEDS AND CLUSTER GOVERNANCE**

# *CLUSTER FINANCE & HR PROCEDURE & OPERATIONAL GUIDANCE MANUAL*

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## *Introduction*

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This manual was produced in order to give guidance and promote good practice to all clusters of Norfolk schools, given the current working arrangements and requirements from government agencies. The procedures are written by Children's Services Schools' Finance Team and reviewed the Finance Consultative Group (a sub-group of the Schools' Forum) before release.

The basis of this document is the School Finance Procedure Manual, which was first released in 2002, and updated in 2009. Any chapters that are not explicitly included in this document may be seen to be relevant to cluster financial management arrangements as well as those in individual schools, and clusters should therefore refer to the original document for guidance alongside this manual.

Please direct any queries to Alison Randall on 01603 224273, e-mail [alison.randall@norfolk.gov.uk](mailto:alison.randall@norfolk.gov.uk) in the first instance.

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2. Financial Planning
3. Budget Monitoring
4. Financial Controls
5. Assets
6. Payments
7. Banking
8. Cluster Staffing
9. Insurance & Risk Assessment
10. Tax
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## *Appendices*

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- A Draft Cluster Finance Policy
- B Governance Agreement
  1. Cluster Governors' Committee Terms of Reference
  2. Model Register of Business & Pecuniary Interests
  3. Definitions of Business & Pecuniary Interests
  4. Key Financial Tasks for Governors
  5. Retention of Financial Records
  6. Cluster Internal Recharge Form
  7. Change of Signatories on Non-personal Accounts

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# 1. Governance

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## 1.1 Scope

The school governing body has many wide-ranging responsibilities. One of its main responsibilities is to maintain the financial solvency of the school. With regard to cluster governance, the same principles apply.

## 1.2 Responsibilities

### 1.2.1 Individual School Governing Bodies

The Governing Body of each school in the cluster should consider and discuss the Cluster Agreement, and sign it as agreement to abide by the principles of collaborative working. Minutes of the meeting at which it is discussed should be kept, with the decision clearly noted.

### 1.2.2 Cluster Governors

The schools in the cluster should nominate governor representatives to sit on the cluster governors' committee. The number of members from each school in the cluster should be agreed, but, in principle, there should be equal representation from each participating school. The size of the cluster governors' committee will vary depending on the number of schools in the cluster, but should have enough members to ensure maximum effectiveness, yet not too many, or it will be too unwieldy.

The schools in the cluster may also wish to nominate representatives to sit on cluster governor sub-committees, such as the SEND committee. Decisions should be made after considering the professional opinion of Headteachers and SENCOs in the cluster.

A list of the members of the cluster governors' committees must be maintained. The full cluster governors' committee should meet at least once a term. Other committees (e.g. SEND committee) will meet as required. Minutes must be taken at cluster governors meetings and agreed as a true record.

The cluster governors' committee will agree no later than by the end of term the dates of meetings for at least the next term; it is good practice to agree dates for the year ahead.

Governors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the cluster.

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## *Governance*

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They are also responsible for safeguarding the assets of the cluster and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other responsibilities are:

- making judgements and estimates that are reasonable and prudent.
- preparing the budget plan on the “going-concern” basis and any revisions thereof.
- ensuring the efficient, economical and effective management of resources for the cluster.
- ensuring that financial considerations are taken fully into account in reaching decisions and in their execution.
- preparing financial statements for each financial period.
- ensuring that the cluster's accounting records and whole system of internal controls comply with the obligations placed upon governing bodies by Norfolk LA.
- ensuring that all grants made by the LA and funds from other sources are applied in accordance with the terms and requirements attached to them.
- preparing a statement of the cluster financial policy (a model statement is attached at Appendix A).
- ensuring accounts are properly closed and reviewing the year-end position
- agreeing virements over the amount delegated to the cluster finance headteacher
- considering the write-off of obsolete items of equipment and bad debts
- Ensure that financial reports on the cluster are discussed at meetings of member schools' governing bodies.

See appendix 1 for draft terms of reference.

### **1.2.3 Cluster finance headteacher**

The cluster governors' committee shall designate the cluster finance headteacher as the person who takes responsibility for ensuring that:

- there is management of the cluster's financial position at a strategic and operational level; this includes compliance with the financial regulations in Norfolk's Scheme for Financing Schools and at Appendix A
- there is management of effective systems of internal control
- a three-year budget plan is prepared, which is consistent with the clusters' development plan. This plan, together with any subsequent revisions, must be adequately supported by working papers.

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# Governance

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## 1.2.4 Other Staff

- must comply with financial regulations in Norfolk's 'Scheme for Financing Schools and at Appendix A, and with any specific requirements as set out in the cluster's financial checklist. (See Appendix A)
- are responsible for any budget whose management is delegated to them

## 1.2.5 Register of Business & Pecuniary Interests

The cluster governors' committee will maintain a register of business & pecuniary interest for cluster governors and cluster staff (including close family relatives) who influence financial decisions.

A model format is included, (see Appendix 2), and definitions are attached at appendix 3.

## 1.3 Whistleblowing

Anyone concerned about possible fraud or corruption concerning the cluster, any of its partner schools, the council, its partner bodies or wholly owned companies are encouraged to report concerns either in person, by letter, e-mail or by telephone.

Any queries should, in the first instance, be referred to the School Support Manager, Children's Services Finance, on 01603 224273, e-mail [alison.randall@norfolk.gov.uk](mailto:alison.randall@norfolk.gov.uk)

Alternatively, concerns may be addressed to Norfolk Audit Services as follows:

- In person asking for a member of the internal audit team at County hall, Martineau Lane, Norwich NR1 2DW.
- By letter: The Chief Internal Auditor, Norfolk Audit Services, County hall, Martineau lane, Norwich NR1 2DW
- By e-mail: [Adrian.thompson@norfolk.gov.uk](mailto:Adrian.thompson@norfolk.gov.uk)
- By telephone to either: Chief Internal Auditor 01603 222777  
Customer Service Centre 0344 800 8020

Any concerns will be treated seriously and confidentially, and it will be explained what will happen next. Anyone preferring to remain anonymous may choose to do so. However, it must be understood that this may significantly limit the officer's ability to investigate the concerns.

For more details please see Annex F of Norfolk's Scheme for Financing Schools.

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## 2. *Financial Planning*

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### 2.1 Scope

This procedure outlines the steps clusters should undertake to ensure that a sound system of financial planning is in place.

### 2.2 Responsibilities

The cluster governors' committee have overall responsibility for the cluster's strategic direction and must approve the annual budget. However it is best practice to consider and prepare a budget plan for the next 3 years and take account of all financial and relevant non-financial information.

### 2.3 Overview

It is important that a cluster has a sound financial plan, identified from the priorities in the cluster development plan, in place for the period of 3 years to demonstrate that it has considered its objectives for the future and that resources are directed towards achieving those objectives.

### 2.4 General

As a general principle, strategic plans are not highly detailed. They are concerned with the future aims and needs of the cluster and how to obtain, develop and use resources. **Plans should be kept relatively simple and flexible.**

There are a number of basic principles for effective planning and budgeting that are key requirements for achieving value for money. It is essential to establish clear links between the cluster's budget process and its' development plan. These principles should be considered in the planning process and are:

- setting terms of reference
- stating objectives
- forecasting
- identification of options
- developing the plan
- consultation and communication
- implementation, monitoring and review



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# *Financial Planning*

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## **2.5 Budgetary Process**

### **2.5.1 General**

Factors to consider in the budgetary planning process are summarised below, although the extent to which they impact on the budget will vary according to a cluster's particular circumstances:

- review of past performance
- pupil number forecasts
- human resource requirements
- other resource requirements
- income forecasts

For the first year of the revised funding methodology, the SEND funding a cluster receives is based on the number of schools and the number of pupils in it. Forecasting pupil numbers as accurately as possible is very important as it has a direct impact on funding as well as implications for staffing and use of resources. Clusters should ensure they utilise all available sources of information such as that available from census, local partner schools, historic trends and admission policies of their own and neighbouring schools.

### **2.5.2 Staffing Requirements**

Staffing levels will generally be driven by the amount of resource available and the needs of the cluster and its pupils. The staff cost budget is by far the most significant ongoing cost, particularly in clusters. The planning stage should reflect possible variations in staffing levels and the effects on the budget. Consideration should also be given to the potential for resources to be required for future staffing adjustment purposes.

## **2.6 Budget Preparation**

Once a cluster has gained an idea of likely needs and requirements, budgets can start to be prepared and developed. Clusters should use the budget software issued by the Children's Services School Finance Team. Stages in preparing budgets include:

- estimating income and expenditure
- evaluating options
- finalising the budget
- monitoring and review

The cluster finance headteacher must explain to the cluster governors' committee all the assumptions implicit in the budget.

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# *Financial Planning*

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## **2.6.1 Estimating Income and Expenditure**

Difficulty is often experienced in estimating income and inevitably a number of assumptions need to be made. A cluster's SEND resources will, for the first year of the revised funding methodology, be based upon a fixed amount of funding per school and an amount per pupil in the cluster. Other local income sources should also be identified. In preparing second and third year budgets, clusters should use their best estimate of pupil numbers and assume current funding levels per pupil if there is no other early indication. Unless specified by Children's Services Schools Finance Team, budget plans for second and third years should not include inflation, but should allow for the effects of annual increments on staff costs.

It is essential that, as part of the budget process, adequate provision be made for the unforeseen. In addition, provision should be made for future potential major items of expenditure, e.g. staffing adjustment costs.

Cluster funds are not currently subject to the Analysis of Balances mechanism. Clusters will not, therefore, have to justify any surplus balances at the end of the financial year. However, clusters should follow good practice guidelines and have clear plan for the use of any reserves.

## **2.6.2 Finalising the Budget**

Once details of a cluster's resource allocation for the forthcoming year is known and the different options have been considered a draft budget should be submitted for approval and finalisation. The approved plan should be signed by the Chair of the Cluster Governors' Committee. After approval by the cluster governors committee, the cluster finance headteacher must ensure that staff with delegated budget responsibility are aware of the overall budget targets and how to implement and achieve them.

An original copy of the approved, signed budget should be sent to Children's Services Schools Finance Team in accordance with the timetable published in Norfolk's Scheme for Financing Schools.



# Financial Planning

## 2.7 Coding

In any computerised accounting system, coding is the means by which income and expenditure transactions are described and allocated to a budget account.

An accounting code must be given to every item of income and expenditure – whether this is a salary, supply claim or recharged expense processed through the council’s central accounting system, or a payment made directly from the cluster’s own bank account.

During the budget preparation process provision is made in the relevant line of the standard budget form for the various costs for the coming year. As the expenditure is incurred, the allocation of the correct accountancy code to the transaction ensures that it matches the budget line where the provision has been made. It is essential, therefore, that everyone involved in the cluster’s budget process – budget manager, individual budget holders, administrative staff handling salary claim forms or operating the accounting system – has a clear understanding of the coding structure and that the budget manager gives clear instructions to administrative staff concerning the coding of individual transactions. Any failure in this respect could result in a mis-match between the actual income or expenditure and its corresponding budget provision. Consequently, regular budget monitoring would be meaningless and budgetary control would be seriously weakened.

Advice on coding can always be obtained from the cluster’s nominated Finance Support Officer in Children’s Services Schools Finance Team.

The various elements of the coding structure are: -

COST CENTRE	SUBJECTIVE*	DEPARTMENT CODE
E B 3 0 X X	□ □ □ □ □	□ □ □ □ □ □

\* also referred to as ‘analysis’ code

### 2.7.1 Cost Centre

This denotes the budget or source of funding for the transaction. Each cluster has been allocated a unique cost centre to record all cluster transactions against.

EB30XX      cluster revenue resource allocation  
(where 30XX is the clusters unique location code number)

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# *Financial Planning*

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## **2.7.2 Subjective (Analysis) Code**

This describes the type of expenditure or income e.g. teaching staff salaries, support staff salaries, textbooks, printing & stationery, etc.

At the beginning of each financial year, all establishments are issued with a revised subjective (analysis) code list. The same list forms part of the budget planning software issued to schools and clusters. In preparing the annual budget plan, estimated costs are entered at subjective (analysis) code level, in as much or as little detail as cluster managers feel is necessary. The software automatically transfers this detail to the relevant line on the main budget plan summary, which is approved by the cluster governors committee and sent to the LA.

The subjective (analysis) code list and the way in which these codes feed through to particular lines in the standard budget plan format all conform to the requirements of the DfE under its Consistent Financial Reporting (CFR) initiative. The updated subjective (analysis) code list is available at any time from the Children's Services Schools Finance Team website.

## **2.7.3 Department Code**

This is a six-character code, which must be used to provide an extra level of detail.

With regard to clusters, a department code is allocated to each school in the cluster, plus a further one for general cluster expenditure. The department codes for each school would be based on the individual cost centres e.g. EBxxxx, where xxxx= school location code. The cluster general code would be EB30xx, where 30xx = the cluster's unique cost centre.

These department codes allow clusters to analyse receipts and payments for each school within that cluster.

Further advice is available from the school's Finance Support Officer.

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## 3. *Budget Monitoring*

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### 3.1 **Scope**

Advice on budget monitoring, and practical assistance, is available from the cluster's nominated Finance Support Officer in Children's Services Schools Finance Team.

### 3.2 **Responsibilities**

#### 3.2.1 ***Cluster Governors' Committee***

The cluster governors committee are responsible for the clusters' financial management, and must therefore approve the budget plan.

The cluster governors committee must receive budget monitoring reports from the cluster finance headteacher on at least a termly basis. The exact timing of receipt of monitoring reports and the extent of detail should be set out in the cluster's financial policy. (See Appendix A). Cluster governors must assure themselves that actual levels of income and expenditure at a given time are in line with the agreed budget plan.

The cluster governor's committee must approve any revisions to the budget plan and approval should be minuted at a meeting of the committee.

#### 3.2.2 ***Cluster finance headteacher***

The cluster finance headteacher is responsible for preparing monthly monitoring reports, investigating discrepancies and promptly advising the cluster governors committee of any action that may need to be taken. If necessary a revised budget should be prepared.

To enable effective monitoring to take place the cluster finance headteacher must ensure that the cluster's financial records are updated promptly. The cluster finance headteacher must ensure the returns required regularly each month by the LA are sent promptly.

#### 3.2.3 ***Summary***

A summary of the principle financial tasks of the governors is shown at Appendix 4.

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## 4. *Financial Controls*

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### 4.1 Scope

#### 4.1.1 *Financial Controls*

This procedure outlines the financial controls that should exist within schools and clusters to ensure that a sound financial system is maintained.

Governing bodies must operate within the County Council's Standing Orders and Financial Regulations and Procedures and these are found within Annex D of Norfolk's Scheme for Financing Schools.

#### 4.1.2 *Internal Controls*

This section focuses upon the system of internal controls a cluster should establish to ensure the effective financial management of its resources.

### 4.2 Responsibilities

The cluster governors committee is responsible for ensuring that adequate and effective systems of internal controls exist and are operated within the cluster to ensure accurate processing and management of activities.

### 4.3 Overview

The existence of a sound system of internal controls will help to achieve the following financial objectives:

- resources and grants are used for the purposes intended;
- the financial returns required by the LA can be made;
- to safeguard against fraud.

### 4.4 Process

The key controls identified are:

- organisation
- responsibilities
- personnel
- separation of duties
- authorisation and supervision
- documentation
- review

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# *Financial Controls*

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## **4.4.1 Organisation and Responsibilities.**

It is recommended that the cluster is organised as follows, and the responsibilities of the cluster governors' committee and staff with financial responsibilities be clearly defined and allocated.

### **4.4.1.1 Cluster Governors' Committee**

The cluster governors' committee has overall responsibility as set out in Section 1: Governance.

Committees created by the governing body can include members who are not governors. This may enable some clusters with limited financial expertise on the governing body to invite suitably qualified individuals to serve in an advisory capacity on the cluster governors' committee. The remit and membership of the committee should be reviewed annually.

### **4.4.1.3 Cluster finance headteacher**

The cluster finance headteacher has overall executive responsibility for the cluster's activities and is considered by the LA to be the person with overall responsibility to the cluster governors committee for the financial management of the cluster.

In some clusters, the cluster finance headteacher may delegate some of the financial management tasks to Headteacher colleagues, or to a business manager/bursar/finance officer/school secretary. However, in all cases the cluster finance headteacher will retain ultimate responsibility.

### **4.4.1.4 Business Manager/Bursar/Finance Officer/School Secretary**

The business manager/bursar/finance officer/school secretary is the member of the school/cluster's staff and may have day-to-day financial responsibility for the cluster.

It is essential that the cluster governors' committee ensure that the business manager/bursar/finance officer/school secretary is suitably qualified and has sufficient resources to carry out the function.



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# *Financial Controls*

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## *4.4.1.6 Other Staff – Day-to-day Responsibility*

All members of staff have day-to-day responsibility for the security of cluster property, for avoiding loss or damage and for complying with the cluster's financial procedures.

## *4.4.1.7 Formal Allocation of Responsibilities*

The cluster governors' committee should issue clear directions to the cluster finance headteacher, business manager/bursar/finance officer/school secretary and any other financial staff on their respective responsibilities. This is essential for sound financial control and should take the form of written directions, which should be detailed within the cluster finance policy.

## *4.4.2 Personnel*

The cluster governors' committee should establish procedures to ensure that:

- personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities;
- clear statements of criteria for personnel selection and formal job descriptions are maintained;
- the finance staffing levels are adequate;
- there are effective arrangements to deal with the absence of key financial personnel.

### *4.4.2.1 Financial Expertise*

The cluster governors' committee should consider carefully what sort of financial expertise it needs to support the role of the cluster finance headteacher and the financial and administrative function. This may involve the employment and training of staff, or buying in skills, either from a school in the cluster, externally or as part of the 'Purchase of Support Services' within the 'Services to Schools' brochure from the LA.



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# Financial Controls

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## 4.4.3 Separation of Duties

Duties should be properly separated between individuals so that key tasks are assigned to different members of staff. As a result there will be a reduction in the risk of error or intentional manipulation because the work of one person should act as a check on the work of another.

Functions that should be separated include:

- *authorisation* (the authorisation of a transaction such as a purchase order or a payment);
- *execution* (the placing of an order, receiving of goods and services or charging and receipt of a fee),
- *custody* (the holding of the goods or services);
- *recording* (the completion of the accounting records).

It is accepted that in some clusters it may not be possible to allocate all the above functions to different staff. In such circumstances clusters should, wherever possible, take steps to separate the most significant activities between more than one individual or put adequate checks in place to safeguard against the risk of error or intentional manipulation.

Where it is not possible to have full separation of all responsibilities, the cluster governors' committee must satisfy itself that there are adequate checks in place.

## 4.4.4 Authorisation and Supervision

Levels of authorisation and supervision of transactions must be specified in writing. All transactions will require authorisation or approval by an appropriate person. It is important that once these limits are set they are communicated to all relevant staff. It is recommended that the cluster finance headteacher should seek governors' approval in respect of all non-routine or exceptional expenditure, and in the case of any individual item exceeding a value of £2,000 or such other limits determined by the cluster governors committee. (See Appendix A Cluster Finance Policy).

### 4.4.4.1 Post Authorisation Amendments

Transactions requiring post authorisation amendments (e.g. a purchase order where the precise final values are not known) should be avoided. In the case of cheque or other payments, signatures must never be obtained in advance of completing the cheque or other payable order.

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# *Financial Controls*

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## *4.4.4.3 Payroll Authorisation*

Payroll alterations must be authorised by someone other than the person preparing the alteration and not by the person the alteration relates to.

## *4.4.5 Documentation*

All aspects of the financial arrangements should be subject to full and proper documentation. Documentation should cover areas such as:

- accounting systems;
- key financial decisions;
- computer systems, (e.g. user manual for Star Accounts);
- operating procedures, (e.g. year end timetable);
- security of personnel and payroll data;
- security systems, (e.g. backup and passwords) relating to the storage of information;
- individual duties, (e.g. job descriptions and delegated authority);
- authorisation limits.

### *4.4.5.1 Financial Policy*

A draft model policy based on 'Keeping Your Balance' is included at Appendix A. This must be accessible to all relevant staff.

### *4.4.5.2 Retention of Financial Records*

The cluster fund-holding school should retain all documents relating to financial transactions for the periods set out within Appendix 5. All accounting records should be held securely when not in use and only authorised staff should have access.

Records such as cheque books, paying-in books and Sales/Petty Cash tins should be kept in a locked place out of Business/School hours. The Headteacher and a named person will keep a key, which must be removed from the place of retention out of Business/School hours. Insurance becomes invalidated if this procedure is not adhered to.

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## *Financial Controls*

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### **4.5 The Provision of Financial Support Services**

The purchase of Norfolk County Council (NCC) services is defined within the Contract to Purchase Scheme. Services from NCC may be purchased outside the scope of this scheme through personal negotiation with the service provider.

A booklet is issued each year in the Spring term, detailing the services provided by NCC, which is available to schools and clusters.

### **4.6 Audit**

Schools are subject to audit by Norfolk Audit Services or if required, the County Council's external auditors, and are required to co-operate with them.

At present, clusters are not subject to a separate audit, but the cluster procedures may be examined alongside those of the cluster managing school at the time of the regular audit of that school.

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## 5. Assets

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### 5.1 Scope

This procedure outlines the requirements to be followed by clusters in relation to the fixed assets under their control.

### 5.2 Responsibilities

The cluster governors committee is responsible for the stewardship function of the cluster's assets as well as maintaining their security at all times.

In most cases the day-to-day responsibility for this task will be delegated to a senior member of the cluster staff, possibly the Headteacher who is the designated cluster chair or the cluster finance headteacher. The named officer responsible for this task should be specified within the Cluster's Finance Policy document (see Appendix A).

### 5.3 Overview

Clusters may possess a number of valuable fixed assets and procedures need to be established to ensure:

- safe custody
- effective stewardship and maintenance
- adequate insurance cover

Further guidance on Assets can be found in the Audit Commission document, "Keeping Your Balance".

### 5.4 Assets

#### 5.4.1 General

The main elements of an asset system are:

- purchase of assets
- asset register
- security of assets
- disposal of assets

#### 5.4.2 Purchase of Assets

Schools are required to abide by the LA's *Standing Orders for Schools* in purchasing, tendering and contracting matters (details can be found at Annex D of Norfolk's Scheme for Financing Schools).

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# Assets

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## 5.4.3 Asset Register

Clusters that utilise their resources to purchase fixed assets must maintain an *Asset Register* that contains details of significant equipment and capital items. It is recommended that all assets purchased on behalf of a cluster are entered on the cluster Asset Register. The register should be kept up-to-date and include the following information:

- date of acquisition
- description, including a unique identification mark such as a serial number
- cost
- location of asset
- details of disposal or write-off

A fixed asset register will:

- form an important part of the cluster's procedures for ensuring that staff take responsibility for the safe custody of assets;
- enable cluster management to undertake independent checks on the safe custody of assets as a deterrent against theft or misuse;
- help the cluster to manage the effective utilisation of its assets and to plan for their replacement;
- help internal audit draw conclusions on the managing school's financial systems;
- support insurance claims in the event of fire, theft or other losses;

A copy of the asset register should be kept off-site. Only authorised staff must have access to the register, and regular back-ups must be taken.

## 5.4.4 Security of Assets

All items in the register should be permanently and visibly marked as the cluster's property. There should be an annual asset check, certified by the cluster finance headteacher and other responsible officer (not the person maintaining the register). Discrepancies between the physical count and the asset register should be investigated promptly. Where the discrepancy is between £100 and £500, it must be reported to the cluster governors' committee and if over £500 must be reported to the Assistant Director, Resources and Efficiency.

NB Please note that leased equipment should not be security marked as it may constitute a breach of the lease agreement.

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# Assets

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## 5.4.5 Disposals

### Redundant Equipment Policy

- The cluster governors' committee has the authority to declare equipment, furniture or any other assets or stores surplus to requirements and to arrange for their sale or write off, provided the items concerned were purchased in full or in part from its delegated resources.
- Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £100 and sale is to be by public auction or competitive tendering, authority for disposal can be given by the cluster finance headteacher.
- The prior approval of the cluster governors' committee will be required where:
  - The estimated disposal value is between £100 and £500
  - The sale is not to be by public auction or competitive tendering
- Where the estimated disposal value is above £500, these must be referred to the Assistant Director (Resources & Efficiency) in Children's Services, (as per the Norfolk Scheme for Financing Schools).
- A list of equipment disposed of will be presented to the cluster governors' committee at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value.
- The cluster's inventory will be amended to show disposals and such entries will be endorsed by the cluster finance headteacher.
- Where the cluster originally claimed back the VAT when making the purchase they should also account for VAT when recording the sale. For example, if a school purchased an item and claimed back the VAT and then sold the item for £120.00 they should enter £100 net and £20.00 VAT into the school records. (NB This example uses VAT at 20.0%)
- The net income (i.e. excluding VAT) from the sale of surplus or redundant assets or stores purchased from the cluster budget will be credited back to the cluster budget.

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# Assets

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- In exceptional circumstances, the cluster governors' committee may agree to pass ownership of particular assets to a school within the cluster. Any decisions of this nature should be clearly minuted, and the reasons noted.

## 5.5 Other Issues

### 5.5.1 Removal of Assets from School Premises

Items of cluster property should not be removed from school premises without the appropriate authority. The cluster managing school should maintain a record of any loan where the value exceeds £30, and should record the asset's return. The position relating to insurance should be clarified with the school's insurers and explained to the staff concerned before any assets are taken off the school premises.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a *benefit-in-kind*. This has implications both for tax purposes for the individual concerned and for the proper use of public funds. Loans should therefore be kept under review and advice sought from the school's Finance Support Officer as appropriate.

### 5.5.2 Leasing of Assets

Please refer to the Finance Procedure Manual for guidance on leasing.



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## 6. *Payments*

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### 6.1 Travel Expenses

Please refer to the Finance Procedure Manual for guidance about paying travel expenses.

### 6.2 Payments

Please refer to the Finance Procedure Manual for guidance about the administration of payments to suppliers.

### 6.3 Interview Expenses/Advertising/Medical Fees

Please refer to the Finance Procedure Manual for guidance about paying interview expenses, advertising costs and medical fees.

### 6.4 Staffing Related Expenses

For clusters, consideration must be given to who is the employer of the member of staff that is to be paid.

#### 6.4.1 Staff Employed in Individual Schools

Where staff are employed in individual schools in the cluster, and carry out work solely for that school, the member of staff should be employed by that school, and included on their staffing returns alongside all other members of staff.

The cluster may agree to contribute to the cost of employing this member of staff; this contribution may be the whole or part of the cost.

The cluster fund-holding school should action a Cluster Recharge Form (see appendix 6) to request the LA to action a charge to the cluster and a credit to the individual school revenue budget.

Debits to the cluster for recharges to other schools will always be coded to subjective analysis 74520.

Credits to individual schools for recharges from the cluster will always be coded to subjective analysis 99000.

Following this recharge, the cluster does not have any call on the funds transferred. In effect, they become part of the receiving schools' budget, and is therefore subject to the controls in place in that school. The receiving school may therefore spend the funds against any valid subjective analysis code.



## 6. *Payments*

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Where clusters transfer staffing-related funds to individual schools, those funds should not under normal circumstances be recharged back to the cluster. It is therefore best practice to recharge staff-related funds termly in arrears.

Where funds have been transferred to individual schools, and the staff are no longer required for the purpose originally intended, those funds should be recharged back to the cluster.

If funds are recharged back to the cluster from individual schools, and those recharges are actioned in the last quarter of the financial year, evidence to substantiate the recharge will be required by Schools' Finance Team at the time the recharge request is made.

### 6.4.2 Staff Employed by the Cluster

Where staff carry out work across more than one school in the cluster, they are deemed to have been employed on behalf of the cluster. (NB Excepting where schools are in partnership – these are deemed to be the same as individual schools).

For legal purposes, they are employed by a nominated employing school, which must be a maintained school within the cluster (see chapter 8 Cluster Staffing), but their salary should be coded to the cluster cost centre. The costs for these staff will be downloaded monthly to the cluster cost centre.

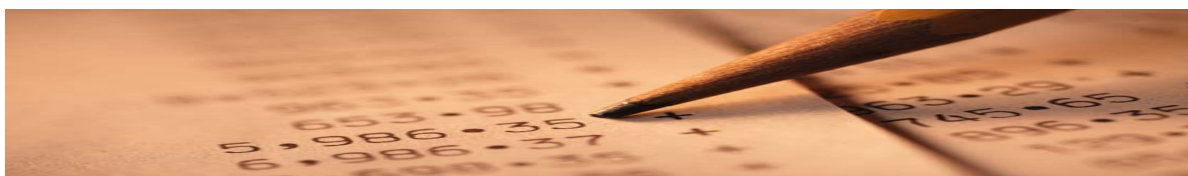
The cluster finance headteacher (or their representative) should check the monthly download to ensure that the costs are appropriate for the staff employed, and that there are no errors or omissions.

### 6.4.3 Self-Employed Staff

There may be occasions where the cluster contract consultants or other people that are deemed to be self-employed. Payments to these type of people will be by cheque upon receipt of an appropriate invoice.

The cluster finance headteacher should assure themselves that the contracted person is legitimately self-employed. Please refer to the Finance Procedure Manual, Chapter 14 Tax, Section 14.5 Employment Status of Staff.

Where there is any doubt about the employment status of a particular person, any payments should always be made via payroll.



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# *Payments*

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## **6.4.4 Staff Employed by Other Organisations**

Clusters may contract with other organisations to provide staff e.g. supply staff agencies and other organisations such as YMCA etc. Payments for this type of expenditure will be deemed as a professional service and will be by cheque upon receipt of an appropriate invoice.

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## 7. *Banking*

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### 7.1 **Scope**

This section covers banking arrangements for clusters; opening accounts, operation of accounts, security and investments.

### 7.2 **Responsibilities**

The cluster governors' committee considers and formally approves:

- authorised signatories;
- number of signatures required on cheques;
- any restrictions on the maximum payment that may be authorised by the cluster finance headteacher.

Responsibility for the management of bank accounts and authorisation of payments is delegated to the cluster finance headteacher.

Responsibility for the day-to-day operation of bank accounts, e.g. writing cheques and paying in receipts, is further delegated to the cluster's finance officer.

Cheques are signed by authorised signatories selected from the cluster finance headteacher and senior members of staff from either the cluster fund-holding school, or schools within the cluster, or both, as agreed by the cluster governors' committee. It is not good practice for members of the cluster governors' committee to be signatories, and the cluster's Finance Officer must not be an authorising signatory.

#### 7.2.1 **Cheque Signatories**

The governing body will decide how many signatures are required on each cheque. Ofsted and the Audit Commission recommend that all cheques must bear the signatures of two signatories approved by the governing body (i.e. cluster governors' committee); but the LA considers it acceptable for cheques below a specified amount (e.g. £1,000) to require just one signature. In all cases, the person responsible for writing cheques and keeping the accounting records must never be a cheque signatory.

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# Banking

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## 7.2.2 Formal Approval of Banking Policy

Banking arrangements will be set up with NCC's corporate banker (Co-op). Signatories must be included in the cluster's financial policy document, and must be approved by the cluster governors' committee and formally recorded in the minutes of the cluster governors' meeting. (See Appendix A).

The cluster governors must also specify a limit on the amount of individual payments that may be authorised by the cluster finance headteacher.

A maximum of five people will be authorised to sign cheques.

## 7.2.3 Opening or Changing Bank Accounts

Upon receiving a request from the LA to open a new account, the cluster must complete the appropriate form and return to Children's Services Schools' Finance Team., Clusters may complete the form at Appendix 7 to change the cheque signatories, or open or amend facilities to withdraw cash.

## 7.2.4 Payments and Cash Withdrawals

- authorised cheque signatories must not sign cheques payable to themselves even if countersigned by another signatory.
- cheques must be signed by hand not stamped.
- cheques must not be pre-signed.
- clusters may set up direct debit arrangements for regular payments to reputable suppliers, if this is administratively more convenient, but the same controls must be in place as with cheque payments, i.e. the payment must be authorised and be supported by the supplier's invoice. The LA recommends the use of direct debits e.g. for utilities and ESPO.

Clusters must not enter into agreements to pay regular monthly amounts under a Budget Plan e.g. electricity, as this would mean paying for services in advance of receipt, and would also lead to problems accounting for VAT.

- bank accounts must never be allowed to become overdrawn and clusters are not allowed to have overdraft facilities.
- clusters that wish to withdraw cash from their official funds must complete the relevant section of the Co-operative Bank's Official Form (Appendix 7), stating the maximum amount that can be withdrawn per month and the name of the Post Office branch where cheques are to be cashed.

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# *Banking*

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## **7.2.5 Bank Charges**

The bank accounts will not attract charges individually unless the bank account is allowed to become overdrawn. In this case the bank may make a charge and this must be borne by the cluster. Only in very exceptional circumstances, where the overdraft has occurred through no fault of the cluster, will the cost of the bank charges be reimbursed by the LA. Depending on the terms agreed between the LA and its bankers, there may be charges to individual clusters for additional ad hoc services, e.g. for foreign currency transactions or to put a stop on a cheque.

## **7.2.6 Investments and Loans**

Clusters cannot open a deposit account or earn interest on unspent bank balances; but clusters can instead earmark an amount in their budget plan, not exceeding the budget surplus brought forward from the previous financial year. This is invested as part of the LA's overall balances and clusters are informed twice a year of the interest earned.

For the first six months interest is based on the budget surplus brought forward from the previous financial year; for the second six months interest is based on the amount determined by the cluster in its budget plan. Clusters must not enter into any loan agreement with their bank.

## **7.2.7 Bank Reconciliation**

District Audit requires all LA establishments, including clusters, to reconcile their bank accounts to the end of the accounting period, i.e. last day of each month. Cluster finance headteachers must arrange to obtain bank statements every month and reconcile these with their accounting records. Any discrepancies must be investigated.

The bank reconciliation must be signed by the person who has completed the reconciliation and must be checked, compared to the supporting documentation and countersigned by the cluster finance headteacher, or someone else with delegated financial responsibility, who understands the accounting and reconciliation processes.

The person completing the reconciliation should not be responsible for processing receipts and payments.

Bank reconciliation statements must be sent to the LA periodically as directed.

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# *Banking*

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## **7.2.8 Use of Cluster Monies for Private Purposes**

LA and personal monies should be kept entirely separate.

Cluster bank accounts must never be used for personal purchases by staff or other individuals. Cluster bank account monies must never be used for cashing personal cheques.

## **7.2.9 Administration**

- Cheque books should be held securely when not in use.
- The cluster finance headteacher should maintain a list of all bank accounts, the authorised signatories for each and the financial records associated with each that are held at the school for the cluster.

## 8. Cluster Staffing

### 8.1 Scope

This document applies to teaching and support staff employed.

- For the purposes of the school but whose appointments are commissioned by the allocation of funds from the cluster
- For the purposes of the cluster itself

### 8.2 Responsibilities

#### 8.2.1 The Governing Body

Where staff are employed on behalf of the cluster, the governing body of the nominated cluster employing school are the employers and responsible for:

- paying their employees' remuneration in accordance with their contract of employment.
- applying the dispensations approved by the Inland Revenue for the payments of allowances.
- payment of expenses and for ensuring that deductions of Income Tax, National Insurance etc are paid to the Collector of Taxes.
- ensuring pension payments and Additional Voluntary Contributions are paid to Norfolk County Council on time (TEACHERS ONLY).
- ensuring P45s P60s and P11ds are issued at the appropriate time.

For legal purposes, cluster-based staff are employed by a nominated employing school, which must be a maintained school within the cluster.

#### 8.2.2 Payroll Administration

Please refer to the Finance Procedure Manual for detailed guidance on payroll administration.

### 8.3 Cluster Staffing – General Principles

#### 8.3.1 Introduction

8.3.1.1 It is recognised that clarity is required where schools employ staff who are either commissioned by the cluster but employed in individual schools or who are directly employed on behalf of the cluster itself, through a nominated employing school. (NB The cluster has no corporate status so cannot employ staff directly)

8.3.1.2 As a result, the intention of this chapter is to establish clear principles which will be applied when dealing with a cluster-led review of staff employed via or on behalf of the cluster itself. Where, however, change occurs that is proposed by a Children's Services Department-led review of



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# Cluster Staffing

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the pattern or service provision in an area, the School Organisational Review Code of Practice will apply in precedence to the contents of this document.

**8.3.1.3** Whether appointed by representatives of the cluster or by an individual school, the appointment, management and termination of staff lies with the individual employing school or the cluster nominated employing school, whichever applies in each case.

## 8.4 Objectives

The objective of the cluster is to contribute to the improved standards of provision for pupils within the cluster area. The schools in the cluster recognise the contribution that staff will make in achieving this objective and will seek, through mutual co-operation, to avoid compulsory redundancy wherever possible.

## 8.5 Appointments

**8.5.1** Appointments are likely to be made in two main categories

- Appointments made by individual schools from funds allocated by the cluster and
- Appointments made by the cluster where the employee works across the cluster but where post-holders are employed by one school

### 8.5.1.1 Individual School Appointments

In relation to individual school appointments, it will be the responsibility of those schools to make the appointment and the employee should be registered on the school staffing plan, contracted and managed by the school and paid for by the funds allocated by the cluster, whether wholly or in part.

### 8.5.1.2 Appointments Across the Cluster

Where an appointment is made to work across the cluster, there should be an appointment process that includes

- Representative of the cluster management committee and
- Representatives of the school that will hold the contract of employment

#### 8.5.1.2.1 Line Management of Cluster-Employed Staff

Once in post, the employee should be line-managed by an appropriate person in the host school for employment purposes and any issues dealt with through the management and governance of that cluster employing school, albeit that other schools in the cluster where the person works will be able to contribute to the management process, if required.





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# *Cluster Staffing*

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## **8.6 Staffing Adjustments**

### **8.6.1 Suitable Alternative Employment**

In the circumstances where adjustments to staffing are necessary, and which reduces the staffing requirement, and where suitable alternative employment cannot be found:

- within an individual school
- within the cluster
- within Norfolk County Council

the responsibility to meet the associated severance cost will be with the cluster.

### **8.6.2 Consultation on Staffing Adjustments**

In respect of any proposal to reduce staff, where appropriate and possible, the cluster will, in consultation with the HR and Trade Unions,

- Discuss the proposal
- Establish an agreed timetable
- Impose limitations on recruitment
- Maximise the use of staff turnover and redeployment within the cluster
- Where possible reallocate work normally done by agency or casual staff to permanent/contracted staff

## **8.7 Practical Issues**

### **8.7.1 Staff Adjustments Process**

Any proposal to reduce staff will be dealt with, where necessary, in accordance with the Council's Staffing Adjustment Process for school based staff.

The County Council may wish to impose a ring-fence around any relevant area, so that staff in that area are given first priority for any posts that are known to be coming available. For the avoidance of doubt, this ring-fence would be the cluster itself. Further, wider ring-fencing arrangements could be subsequently imposed by the County Council.

Within the Staff Adjustment Process, support for affected staff can be provided.



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# *Cluster Staffing*

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## **8.7.2 Grievance**

Every effort will be made to effect any staff adjustment policy fairly and equitably. As well as the existing grievance procedures, any complaint arising from the misapplication of the arrangements set out above will be given formal consideration by the employing or cluster nominated employing school as appropriate

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## ***9. Insurance & Risk Assessment***

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### **9.1 Insurance for Assets**

#### **9.1.1 Assets owned by the cluster**

The cluster governors' committee should ensure that all assets purchased by the cluster, for use across the cluster, are entered on the cluster inventory, and are covered by adequate insurance. Contact should be made with the insurers for this assurance.

#### **9.1.2 Assets purchased by the cluster**

Assets purchased from cluster funds for use in one school in the cluster must be deemed to be owned by that school. These assets should therefore be entered on the schools' inventory, and will be covered by the schools' insurance.

### **9.2 Insurance for Staff**

#### **9.2.1 Staff employed by the cluster**

Where members of staff are employed by the cluster, and work across the cluster, they will be coded to the cluster cost centre.

Sickness insurance cover for these staff is available by subscription to the Local Authority's School Staff Sickness Insurance Scheme.

Details of the scheme can be found in the Services to Schools Brochure.

#### **9.2.2 Staff employed by individual schools**

Where members of staff are employed to work in individual schools, even if the cluster contributes all or part of the cost of that employee, they are deemed to be employees of that school, and their cost is coded to the school's cost centre.

These staff will be included in the staffing of the individual school for the purposes of sickness insurance cover.

Sickness insurance cover is available by subscription to the Local Authority's School Staff Sickness Insurance Scheme.

Details of the scheme can be found in the Services to Schools Brochure.

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# 10. Tax

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## 10.1 Scope

Taxes are imposed on both organisations and individuals by the government. This section focuses on VAT as that is the only type of tax that may have an effect on clusters. Further detailed guidance on taxes that affect schools can be found in the Finance Procedure Manual and the NCC VAT Manual for Schools.

There are some references to relevant legislation and detailed notices such as those issued by the HM Revenue and Customs. If you are unable to find the answer to a particular question please ask:

Head of Schools Finance  
Room 053,  
County Hall,  
Norwich,  
Norfolk, NR1 2DL

Telephone (01603) 222551  
email [efs.fso@norfolk.gov.uk](mailto:efs.fso@norfolk.gov.uk)

Please do not contact HM Revenue and Customs direct.

## 10.2. Value Added Tax

### 10.2.1 Compliance with VAT regulations

Compliance with VAT regulations is VERY IMPORTANT. H.M. Revenue and Customs (HMRC) have in the past imposed severe penalties on local authorities for their non-conformance with the VAT regulations.

The penalties (withholding cash claimed by the Authority) are assessed by the HMRC VAT Officer on a sample basis and errors found are assumed to apply on a percentage basis to the total claim.

In the event of an error being discovered, H.M. Revenue and Customs extrapolate over the total claim and have the power to go back three years when quantifying the value. An error of £10 in one month may be grossed up to £120 in a full year, to £360 in three years, and to over £160,000 in all schools. The onus is on us to prove them wrong.

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# *Tax*

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## 10.2.2 Reclaiming VAT on 'official' expenditure

Section 33 of the VAT Act 1994 enables the local authority (i.e. your cluster) to recover the VAT on most of its "official" expenditure. This reduces the cost of services and the burden on the Council Tax.

In order to recover VAT the authority is required by law to retain the proper VAT documentation in order to demonstrate that VAT has been properly treated. Consequently it is very important that we obtain correct VAT invoices from our suppliers or, where necessary, obtain a proper VAT receipt, to maximise recovery of VAT.

Without this proper documentary evidence H.M. Revenue and Customs will disallow claims and impose penalties, surcharges and interest. If this happens the costs incurred will be charged to the departmental budget responsible for the service concerned (it could become a charge on your cluster's budget.)

## 10.2.3 Accounting for VAT on 'official' income

Similar rules and requirements apply to VAT invoices raised by the County Council for goods and services rendered. VAT must be charged as appropriate. VAT must also be accounted for, as appropriate, on income received without an accompanying invoice.

If clusters make a taxable supply to someone else they will need to raise a tax invoice. A managing school's headed note paper (or cluster headed paper, if you have it) will serve provided it is given an identifying sequential invoice number and quotes the County's VAT registration number GB 106 9951 52. Please refer to the separate VAT manual for the other requirements for tax documents.

## 10.2.4 Advice on accounting for VAT

Children's Services Schools Finance Team has particular areas which give rise to problems in the treatment of VAT. Please refer to the separate VAT Manual for Schools for further details.

If doubt still exists, contact the Head of Finance (01603) 222551

**Do not contact HM Revenue and Customs direct.**

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# Tax

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## 10.2.5 VAT on services provided to and by Academies

Academies are outside Local Authority control, and are not therefore covered by Section 33 of the VAT Act 1994. Any services provided to them by LA maintained schools, or services provided by them to LA maintained schools, should show due consideration of the need to account correctly for VAT if required (i.e. if a taxable service has been provided to or by either party).

### 10.3 Possible Sources of Taxable Income

This is a complex subject. The types of income that may be viewed as trading income and liable to tax are broad and may include:

- sponsorship;
- advertising;
- hire of equipment;
- sale of goods (whether to the public, staff, pupils or parents);
- adult education classes;
- photocopying or similar reprographics;
- catering (including vending machines);
- jumble sales, fetes, and sports.

Income will not be taxable if the following conditions apply, as it will not be deemed to be from trading:

- The event is not frequent/regular;
- It is supported because it is known by the public that the funds are for the cluster;
- The funds (more importantly) actually go to the cluster;
- There is no competition with other traders.



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# *11. Deficit Cluster Budget Plans*

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## **11.1 General**

A cluster cannot set a deficit budget. The arrangements for cluster budgeting are not covered by the Licensed Deficit Scheme, which is set out in Norfolk's Scheme for Financing Schools, section 4.10.1.

Schools are permitted to allocate funding from their revenue budgets to the cluster cost centre in order to avoid any year-end deficits. The movement of funds in this way must be actioned by journal recharge using the internal recharge form issued by the Schools Finance Team.

Any in-year overspends on cluster cost centres will be recovered from the individual schools within the cluster on a per pupil pro-rata basis.



# *Appendices*

- A Draft Cluster Finance Policy
- B Governance Agreement
- 1 Cluster Governors' Committee Terms of Reference
- 2 Model Register of Business Interests
- 3 Definition of Business and Pecuniary Interests
- 4 Key Financial Tasks for Governors
- 5 Retention of Financial Records
- 6 Cluster Internal Recharge Form
- 7 Change of Signatories on Non-personal Accounts



# Draft Cluster Finance Policy

## And Checklist for Planning, Implementation and Monitoring

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### CLUSTER OF SCHOOLS

A CLUSTER GOVERNANCE	Implemented
<p><u>General</u></p> <p>1 A list of all cluster governors, their membership of committees and terms of reference thereof, is attached at Appendix 1. <i>(See Appendix 1 of the Cluster Finance Procedure Manual for draft terms of reference)</i></p> <p>2 The cluster governors' committee meets at least once a term.</p> <p>3 Sub-committees of the cluster governors' committee meet at least once a term.</p> <p>4 The cluster governors' committee agrees, no later than by the end of term, the dates of meetings for at least the next term.</p> <p><u>The Cluster Governors' Committee</u></p> <p>5 Membership is determined by individual school governing bodies, who nominate their cluster representatives. The membership is reviewed annually in the <i>Summer</i> term.</p> <p>6 The cluster governors' committee is responsible for the overall strategic direction of the cluster; it determines the cluster's spending priorities and evaluates the effectiveness of spending decisions.</p> <p>7 The cluster governors' committee approves the annual budget and the associated policies, eg charging policy, bad debt and redundant equipment policy. <i>(See appendices 13 and 14 of the Finance Procedure Manual for draft policies)</i></p> <p>8 Each member of the cluster governors' committee is responsible for reporting back to their individual school governing bodies on financial decisions and financial monitoring reports.</p>	

<b>CLUSTER GOVERNANCE (continued)</b>	<b>Implemented</b>
<p>9 As set out in its' terms of reference, the cluster governors' committee is responsible for:</p> <ul style="list-style-type: none"> <li>• agreeing and approving draft budgets in time for submission to the LA by 1 May each year</li> <li>• all financial appraisals</li> <li>• forecasting cluster numbers on roll and future resources</li> <li>• monitoring and adjusting in-year expenditure</li> <li>• ensuring accounts are properly closed and reviewing the outturn position</li> <li>• evaluating the effectiveness of financial decisions</li> </ul> <p>10 Any review of staffing should be recommended by the cluster finance headteacher to the cluster governors' committee, which should assess the budgetary implications of the recommendations prior to agreeing to the recommendations.</p> <p><u>The Cluster finance headteacher</u></p> <p>11 The cluster governors' committee delegate responsibility for the day-to-day operational management of the cluster finances to the cluster finance headteacher.</p> <p>12 The cluster finance headteacher ensures compliance with the financial regulations in Norfolk's Scheme for Financing Schools.</p> <p>13 The cluster finance headteacher ensures that sound systems of internal control are in place.</p> <p>14 The cluster finance headteacher compiles draft budgets.</p> <p>15 The cluster finance headteacher monitors the budget monthly and supplies the cluster governors' committee with monitoring information. The information for the cluster governors' committee takes the form of Norfolk's budget proforma, includes committed expenditure and is accompanied by the cluster finance headteacher's written commentary.</p>	

<b>CLUSTER GOVERNANCE (continued)</b>	<b>Implemented</b>
<p><u>The Staff</u>  16 Staff comply with financial regulations in Norfolk’s Scheme for Financing Schools and any cluster specific requirements.</p> <p>17 Staff are responsible for any budget whose management is delegated to them.</p> <p><u>Expenditure Limits</u>  18 The inclusion of an item in the approved budget plan gives authority to spend, save that the cluster finance headteacher seeks approval from the cluster governors’ committee for any individual transaction in excess of £.....</p> <p>19 The cluster finance headteacher authorises virements up to £..... Above this amount cluster governors’ committee approval is sought. All virements are minuted.</p> <p><u>Orders</u>  20 Quotations are obtained or tenders sought for purchases exceeding the limits set out in Norfolk’s Scheme for Financing Schools.</p> <p><u>Minutes</u>  21 Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Draft minutes are circulated to members of the committee within one week of its meeting and are agreed and signed at its next meeting. The minutes of all meetings are reported to the cluster governors’ committee and thence to the meetings of individual schools’ governing bodies.</p> <p><u>Register of Business Interests</u>  22 The cluster finance headteacher maintains a register of business interest for governors and for staff who influence financial decisions. The register is attached at Appendix 2. <i>(See appendices 2 &amp; 3 of the CFPM)</i></p> <p><u>Key Financial Tasks</u>  23 The finance committee undertake the key financial tasks each term as outlined in the document at Appendix 3. <i>(See Appendix 4 of the CFPM)</i></p>	

<b>B FINANCIAL PLANNING</b>	<b>Implemented</b>
<ol style="list-style-type: none"> <li>1 The cluster development plan includes a statement of its educational priorities to guide the planning process. The cluster development plan states the priorities in sufficient detail to provide the basis for constructing budget plans.</li> <li>2 There is a clear, identifiable link between the cluster’s annual budget and the cluster development plan.</li> <li>3 For each of the key issues in the cluster development plan, costs and other inputs are identified and budgets prepared.</li> <li>4 The cluster development plan is reviewed in the <i>autumn</i> term to ensure that educational priorities are stated for the next three years and shows how the use of resources is linked to achieving the goals.</li> <li>5 The cluster budget is revised after the review of the development plan and resources identified within the budget to deliver the plan’s priorities</li> <li>6 The cluster budget is maintained for the current financial year and two further years.</li> <li>7 The cluster budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.</li> <li>8 In the event of a cluster budget surplus this is earmarked for a future specified use.</li> <li>9 A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.</li> <li>10 All new initiatives are appraised by the cluster governors’ committee in relation to their costs, benefits and sustainability.</li> </ol>	

FINANCIAL PLANNING (continued)	Implemented
<p>12 The cluster budget cycle is as follows:</p> <p><u>Spring Term</u></p> <ul style="list-style-type: none"> <li>• If necessary, the cluster finance headteacher prepares a third revision of the budget for the current year for the cluster governors' committee to consider at its meeting in the first half of the term.</li> <li>• The approved cluster budget revision is sent to the LA by 28 February.</li> <li>• A draft budget plan for the coming financial year, and two further years, is prepared by the cluster finance headteacher and taken to the cluster governors' committee meeting in the second half of the spring term. The cluster governors' committee will carefully consider the budget plan and a report from the cluster finance headteacher before approving the cluster's budget plan.</li> <li>• The cluster finance headteacher submits the approved cluster budget plan to the LA by 1 May each year.</li> </ul> <p><u>Summer Term</u></p> <ul style="list-style-type: none"> <li>• The cluster finance headteacher prepares a first revision of the cluster budget for the cluster governors' committee to consider and approve. The revision takes account of the actual balance in hand from the previous financial year.</li> <li>• The approved cluster budget revision is sent to the LA by the end of the summer term, as per Norfolk's Scheme for Financing Schools.</li> </ul>	

<b>FINANCIAL PLANNING (continued)</b>	<b>Implemented</b>
<p><u>Autumn Term</u></p> <ul style="list-style-type: none"><li data-bbox="192 352 1805 459">• The cluster finance headteacher prepares a second revision of the budget for the cluster governors' committee to consider and approve. The revision takes account of any changes to the cluster development plan and staffing adjustments.</li><li data-bbox="192 501 1805 571">• The approved cluster budget revision is sent to the LA by the end of the autumn term, as per Norfolk's Scheme for Financing Schools.</li></ul>	

<b>C BUDGET MONITORING</b>	<b>Implemented</b>
<ol style="list-style-type: none"> <li>1 The cluster finance headteacher produces monthly monitoring reports, which include committed expenditure.</li> <li>2 The cluster governors' committee receives the monitoring report at each meeting together with the cluster finance headteacher's written report thereon. The report takes the form of Norfolk's budget monitoring pro-forma.</li> <li>3 The cluster finance headteacher identifies and recommends to the cluster governors' committee appropriate remedial action for budget variances.</li> <li>4 The cluster finance headteacher recommends to the cluster governors' committee how to vire any in-year underspends in excess of £..... (The cluster finance headteacher is authorised to vire amounts up to £.....)</li> <li>5 The cluster finance headteacher monitors expenditure on initiatives in the cluster development plan.</li> <li>6 Holders of devolved departmental budgets (e.g. individual schools within the cluster) are supplied with monthly monitoring reports. The cluster finance headteacher monitors devolved budgets and agrees remedial action plans where necessary.</li> </ol>	



<b>D PURCHASING</b>	<b>Implemented</b>
<p>1 All orders comply with the LA's Standing Orders for Contracts as published in Norfolk's Scheme for Financing Schools.</p> <p>2 The cluster demonstrates value for money through competitive tendering when appropriate or by using ESPO or other approved purchasing arrangements.</p> <p>3 Prior approval of the cluster governors' committee is obtained for any expenditure in excess of £..... Orders are not artificially split to evade this limit.</p> <p>4 The cluster will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease". Leases will be submitted to Children's Services Finance to be checked as to their type before any agreement is entered into.</p> <p>5 Three written quotations are obtained for any order whose value is estimated between £5,000 and £30,000.</p> <p>6 If a quotation other than the lowest is accepted it is reported to cluster governors' committee and the reasons minuted.</p> <p>7 Contract specifications will contain the following:</p> <ul style="list-style-type: none"> <li>• contract duration</li> <li>• definitions</li> <li>• contract objectives</li> <li>• services to be provided</li> <li>• service quantity</li> <li>• service quality standards</li> <li>• contract value and payment arrangements</li> <li>• information and monitoring requirements</li> <li>• procedure for disputes</li> <li>• review and evaluation requirements</li> </ul>	

<b>PURCHASING (continued)</b>	<b>Implemented</b>
<p>8 The official pre-numbered orders are used for all services except utilities, rent, rates, petty cash and any payments due under a loan/lease agreement. Any urgent verbal order is confirmed by a written order.</p> <p>9 Individuals will not use official orders to obtain goods or services for themselves.</p> <p>10 All orders are signed by an authorised signatory and the cluster finance office maintains an up-to-date list of signatories. This is attached at Appendix C.</p> <p>11 The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.</p> <p>12 Each order placed is entered in the cluster's financial system as a commitment.</p> <p>13 The cluster responsible officer checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. Evidence of this is provided by the use of rubber stamps approved by Norfolk Audit Services. The other checks indicated on the stamps are also carried out. These checks are not done by the person who signed the order.</p> <p>14 Payment is made within the agreed time limits after certification by an approved signatory.</p> <p>15 Wherever possible, an invoice is not authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment is only made against the original supplier's invoice and not on a statement.</p>	

<b>E FINANCIAL CONTROLS</b>	<b>Implemented</b>
<p>1 A written description of all the cluster's financial systems and procedures is maintained. These are kept up to date and all appropriate staff trained in their use.</p> <p>2 The cluster finance headteacher has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. These arrangements are  .....  .....  .....  .....</p> <p>3 The cluster finance headteacher has due regard to separation of duties in organising financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.</p> <p>4 The cluster maintains proper accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. The use of correcting fluid is not allowed. Any alterations to original documents are clearly made in ink and initialled to identify the person making the alteration.</p> <p>5 Documents relating to financial transactions are retained in line with the LA's recommendations, as outlined in Appendix D.</p> <p>6 All records are securely stored and access allowed only to authorised staff, ie  .....  .....</p> <p>7 Where there is a requirement to account separately for earmarked funding the cluster finance headteacher ensures this is done and that money is spent on its intended purpose.</p>	

<b>F INCOME</b>	<b>Implemented</b>
<p>1 The cluster governors' committee approves the cluster's charging policy and reviews it annually. The charging policy is attached at Appendix E. <i>(See appendix 13 of the FPM)</i></p> <p>2 Proper records of all income due are kept. Lettings are approved by the cluster finance headteacher in accordance with the cluster governors' committee policy and recorded in the lettings register. The lettings policy is attached at Appendix F. <i>(See appendix 15 of the FPM)</i></p> <p>3 The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.</p> <p>4 Official pre-numbered receipts are given for all cash collected except where a collection record card is issued to a pupil for instalment payment for a school trip. Other formal documentation is kept for other income. Receipts are kept securely and in order.</p> <p>5 Pending banking, cash and cheques are locked away in a secure place or safe, as per insurance limits.</p> <p>6 Income is banked promptly and in full. Paying-in slips show the analysis between cash and cheques and cheques are individually listed. Income is not used for making any payment or for cashing personal cheques.</p> <p>7 Income recorded in the accounts is reconciled monthly with the bank statement.</p> <p>8 Where invoices are required, they are issued within 30 days.</p> <p>9 The cluster sends a first reminder for any unpaid invoice after 3 weeks, a second reminder after 6 weeks and a final reminder after 9 weeks. Legal action is considered if a further 14 days lapse. Debts are written off only in accordance with the cluster's bad debt policy, attached at see Appendix G. <i>(See appendix 14 of the FPM)</i></p> <p>10 Any cash transfers between staff are recorded and signed for.</p>	

<b>G BANKING</b>	<b>Implemented</b>
<p>The cluster banks with The Co-operative Bank (as NCC official bankers) The bank account name is ..... and the bank account number is .....</p> <ol style="list-style-type: none"> <li>1 Bank reconciliations are completed monthly and any discrepancies resolved.</li> <li>2 The reconciliation statement is signed by the person undertaking the reconciliation and reviewed and countersigned by someone who understands the reconciliation process.</li> <li>3 The person completing the reconciliation is not responsible for processing receipts and payments.</li> <li>4 Staff never use their private bank accounts for any receipt or payment due to or from the cluster budget.</li> <li>5 The cluster's banker has been advised that the cluster is not allowed to go overdrawn or negotiate overdraft facilities.</li> <li>6 Each cheque is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed, ie not electronic or from rubber stamps.</li> <li>7 All cheques are crossed "account payee". Cheque books are stored securely when not in use.</li> </ol>	

H PAYROLL	Implemented
<p>1 Personnel procedures, including appointments, promotions and terminations are supervised by the cluster governors' committee.</p> <p>2 The cluster finance headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.</p> <p>3 The cluster finance headteacher ensures that at least two people are involved in completing, checking and authorising any variations to payroll, whether temporary or permanent, and the payment of expenses.</p> <p>4 Names and specimen signatures of authorised signatories have been sent to the payroll provider who will be promptly notified of any changes.</p> <p>5 Only authorised staff are allowed access to personnel records, ie  .....  .....</p> <p>6 Arrangements have been made for staff to access their own records. These are  .....  .....</p> <p>7 Payroll transactions are processed only through the payroll system; this includes the payment of all expenses and benefits.</p> <p>8 The cluster finance headteacher maintains an up-to-date list of staff employed by the cluster. This is held  ..... and is amended, as necessary, on a monthly basis.</p> <p>9 The monthly reports on payroll transactions are checked against the cluster's budget working papers to ensure they match.</p>	

I PETTY CASH	Implemented
<p>1 The cluster finance headteacher determines the level of petty cash to be held. This is currently £.....</p> <p>2 Cash is held securely and access to it is restricted to authorised staff, ie  .....  .....</p> <p>3 Payments from petty cash are limited to minor items, up to £25 in value.</p> <p>4 Payments from petty cash are approved by an authorised officer; they are supported by appropriate vouchers (including VAT invoice/receipt where necessary) and acknowledged by the recipient's signature.</p> <p>5 Proper records are kept of payments into or out of the funds.</p> <p>6 The petty cash fund is reconciled with the accounting records on a monthly basis. The reconciliation is reviewed and countersigned by a member of staff not involved in administering the fund.</p> <p>7 Personal cheques are not cashed from petty cash.</p> <p>8 At the end of each period the petty cash control sheet must be completed (<i>See appendix 12 of the FPM</i>).</p>	

<b>J TAX</b>	<b>Implemented</b>
<ol style="list-style-type: none"><li>1 The cluster finance headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT as the LA will pass back to the cluster any penalties imposed on it arising from an error by the cluster.</li><li>2 Proper VAT invoices are obtained for all transactions involving VAT.</li><li>3 The LA's VAT Manual for Schools gives details of accounting for VAT and is adhered to by the cluster.</li></ol>	



L ASSETS	Implemented
<p>1 The cluster finance headteacher ensures that stocks are maintained at reasonable levels and are checked physically at least once a year.</p> <p>2 An up-to-date inventory is to be maintained of all items of equipment. Those that are portable, valuable and desirable are identified as cluster property with security marking.</p> <p>3 The inventory is checked at least once a year, in the ..... Term. The inventory is signed as evidence of the check having been undertaken. All discrepancies are investigated and any resulting in a loss of £100 or more will be reported to the governors. Any loss exceeding £500 will be referred to the Assistant Director (Resources and Efficiency).</p> <p>4 Whenever cluster property is taken off site either by pupils or staff, they are signed for and the register noted accordingly. The register is held  .....  .....</p> <p>4 The cluster governors' committee has approved a policy in relation to redundant equipment (<i>See appendix 7 of the FPM</i>).</p> <p>5 The safe is kept locked and the keys removed and held elsewhere.</p> <p>6 The cluster maintains a Gift Register of all donations to the cluster, either in cash or kind.</p>	

<b>M INSURANCE</b>	<b>Implemented</b>
<ol style="list-style-type: none"> <li>1 The cluster reviews all risks annually to ensure that the cover available and the sums insured are adequate. Advice is available from NCC's Risk and Insurance Manager.</li> <li>2 The cluster governors' committee consider whether to insure against any uncovered risks.</li> <li>3 The cluster responsible officer will notify the LA/its insurers of any new risks or any other alterations affecting existing insurance.</li> <li>4 The cluster will not give any indemnity to a third party.</li> <li>5 The cluster responsible officer will immediately advise the LA/its insurers of any accident, loss or other incident which may give rise to an insurance claim.</li> <li>6 Insurance will cover the use of cluster property when off the premises.</li> </ol>	

<b>N DATA SECURITY</b>	<b>Implemented</b>
<p>1 Computer systems used for cluster management are protected by password security. Passwords are changed ..... and more frequently in the event of staff changes.</p> <p>2 All data is backed up daily and the back-ups stored in a secure fireproof location, preferably off site.</p> <p>3 The cluster finance headteacher has established a contingency plan for recovery from an emergency, i.e. .... ..... .....</p> <p>4 Only authorised external hardware and software is installed on any cluster computer to safeguard against computer viruses.</p> <p>5 The cluster governors' committee ensure that the Information Commissioner is notified in accordance with the Data Protection Act 1998, and that the cluster's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.</p>	



**NORFOLK COUNTY COUNCIL**

*Please insert your Cluster Agreement here*



Register of Cluster Business Interests

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Cluster Name: -

Name	Nature of Interest	Date Acquired	Date Interest Ceased

.....Cluster of Schools

Register of Cluster Business Interests

As you will appreciate, the cluster governors' committee must ensure that governors and staff are not involved in activities that might conflict with their role within the cluster. It is especially important to demonstrate that individuals do not benefit personally from the decisions made by the governors, unless such decisions are made openly and legitimately.

The cluster governors' committee is not concerned with any hobbies from which no income is made, or even minor commercial interest that you might have. However, you must declare any interest you have, or plans you, your spouse, partner or a close family member might have, that are related to or might be construed as being related to the cluster and its budget.

Please would you sign and date the declaration below and return this form to the clerk to the cluster governors' committee.

.....

IN CONFIDENCE

Neither I, my spouse, my partner nor a close family member have private interests that could conflict with my work in the cluster. I will inform the cluster governors' committee body if this should change in the future.

I need to declare that either I, my spouse, my partner or a close family member have a pecuniary interest in the cluster and provide details of this below.

(tick the appropriate box)

Signed.....Date.....

N.B. If circumstances change a new declaration must be completed



## Definition of Business Interests and Pecuniary Interests

When visiting schools Norfolk Audit Services are often asked the difference between business interests and pecuniary interests and exactly who should be making what declarations.

### Business Interests

A business interest is the involvement of an individual or their family members in any trade or profession, along with any direct interest they may have in any company providing goods or services to the school. For example, if a Governor runs their own building company or provides training courses for teaching staff. When making a decision about what or what not to declare, the individual should consider how they may be challenged about their decision not to disclose information.

All members of the Governing Body, the Headteacher and any staff who influence financial decisions, are expected to declare any business interests that they or any family member may have. There is a template Business Interests form available as Appendix 2 in the Children's Services, Finance Procedure Manual. A register of the business interests should be made available in the school and there should be an annual review of this register. In addition, where a Governor or member of staff has no business interests, they should complete a form saying 'No interests to declare'. New Governors or members of staff, influencing financial decisions, should be asked to complete a form on joining the Governing Body or school.

### Pecuniary Interests

It is a common misconception that pecuniary interests are the same as business interests; however, pecuniary interest is a wider term. Pecuniary interests include personal financial interests, such as involvement in a trust fund or investment, as well as potential interests, for example, where a member of staff's husband is applying for a vacancy in the school or where a teacher Governor is involved in the decision over the promotion of a colleague, and where they may be a potential candidate for the post made available.

Because of the nature of these interests, they cannot only be declared annually. All members of the Governing Body and all members of staff should be made aware at Governor and staff meetings of the need to declare these interests, as they arise. Declarations should be made in writing to the Headteacher or the Chair of Governors and these should be filed in a register of pecuniary interests.

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## Key Financial Tasks for Cluster Governors

### SPRING TERM

Receive a budget control report for the current financial year, monitor, in detail, income and expenditure levels against budget, and project out-turn position.

Consider in detail, and approve, the budget plan for the next financial year and two further years, to include:

- use of Special Educational Needs funding

### SUMMER TERM

Consider, in detail, the year end position for the previous financial year, along with an explanation of any variances.

Receive a budget control report for the current financial year with explanatory notes, and monitor, in detail, income and expenditure levels against budget.

Consider in detail and approve a budget revision for the current financial year and two further years – this revision would take account of the actual balance in hand from the previous financial year, and is to be sent to the LA by the end of the summer term..

### AUTUMN TERM

Receive a budget control report for the current financial year with explanatory notes, and monitor, in detail, income and expenditure levels against budget.

Consider in detail and approve a budget revision for the current financial year and two further years – this revision would take account of any changes to the cluster development and improvement plan and any staffing adjustments, and is to be sent to the LA by the end of the Autumn Term.

## Retention of Financial Records

### CLUSTERS

Record Type	Detail of Record	Minimum Retention Period (years)
Paid Invoices	Paid by on-line direct input (schools' local bank accounts)	6 + 1
Cash Books	Full Books	3 + 1
Imprest Claims	Establishment/departmental copies	2 + 1
Copy of orders/internal requisitions		2 + 1
Delivery notes		2 + 1
Postage records		2 + 1
Cheque stubs	Cancelled & Spoiled Cheques	3 + 1
Daily Transaction Sheets	File Copies	2 + 1
Bank Statements		3 + 1
Petty Cash Records		3 + 1
Educational Visits	Account/supporting documentation, final statements	3 + 1
Contracts	Quotations, tenders	6 + 1
Systems control & data vet reports	For own systems	2 + 1
Records of Controlled Stationery		6 + 1
Payroll Master Records	Paid by on-line direct input	12 + 1
Personnel Records		Retain for one year after the end of the employment
Receipt Books	From date of last receipt in book	6 + 1
Bank paying-in books and slips		6
Copy debtor accounts		6 + 1

## CLUSTERS

Record Type	Detail of Record	Minimum Retention Period (years)
Income collection registers		2 + 1
Letting registers	Including copy receipts	6 + 1
ESPO Order Books		6 + 1
Trivia Order Books		6 + 1
Inventories	Full books	2 + 1
Stock Records	Ledgers, bin cards, stock tables	2 + 1
Accounting code lists		Current year + 1
Budgetary Control Reports		2 + 1
Commitment records		2 + 1
Accepted tender documents	From end of contract or extension	6 + 1 or 13 + 1 if sealed deed
Contract variations	Changes during the contract term	6 + 1 or 13 + 1 if sealed deed
Record of receipt and opening of tenders	From end of contract or extension	6 + 1
Record of terms and prices offered by all bidders	From end of contract or extension	6 + 1
Signed contracts plus key records e.g. surveys, site plans, bills of quantities	From end of contract or extension	6 + 1
Unsuccessful tenders	From end of contract or extension	2 + 1 NB: Unsuccessful tenders are the property of the tenderer. If he requires return of paperwork it may be necessary to do so. The challenge period for unsuccessful tenders is only three months long – however documents should be retained for 2 + 1)

# ***CLUSTER FUNDS INTERNAL CHARGE REQUEST***

## **PAYMENTS BETWEEN CLUSTER AND SCHOOLS**

**To: Children's Services Finance**

**Please action the following charges:**

### DEBIT

SCHOOL NAME	LOCATION CODE	SUB CODE	DESCRIPTION	£
		74520		
		74520		
		74520		
		74520		
		74520		

**Authorised by:** \_\_\_\_\_ **Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_

### CREDIT

SCHOOL NAME	LOCATION CODE	SUB CODE	DESCRIPTION	£
		99000		
		99000		
		99000		
		99000		
		99000		

**Authorised by:** \_\_\_\_\_ **Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Children's Finance & ICT use only:**

**Journal Ref:** \_\_\_\_\_ **Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Please send completed form to Children's Services Financial Services, Room 047, County Hall, Martineau Lane, Norwich. NR1 2DL.

Alternatively, you can email the charge request to [efs.fso@norfolk.gov.uk](mailto:efs.fso@norfolk.gov.uk), including all information requested above. Please ensure the email is sent via the school(s) being debited and that the school(s) being credited are Cc'd in to the email.

My Ref:  
Your Ref:  
Date:  
The Co-operative Bank PLC  
Change of Signatories Team 601  
P O Box 250  
Delf House  
Skelmersdale  
WN8 6WT

Dear Sir

**NAME OF ESTABLISHMENT/ACCOUNT – NORFOLK COUNTY COUNCIL**

**SORT CODE** \_\_\_\_\_

**ACCOUNT No.** \_\_\_\_\_

**ACCOUNT TITLE**

**Note: This form is to be used when the signatories on this account are changed. The amendment must be confirmed by ONE signatory\*. At least one of the confirming signatories must be authorised under the terms of the existing Bank Mandate.**

Will you please note that:-

\*1 \_\_\_\_\_

**is/are** no longer authorised to sign for this Establishment/Account.

**and / or**

\*2 the under mentioned officer(s) have recently been appointed to the position(s) indicated and accordingly his/her/their signature(s), which we hereby confirm, may be accepted by you in connection with the mandate which you hold.

Please complete the Specimen Signature on Page 2

**Encashment Facilities**

<b>Name and address of Post Office for Encashment purposes</b>	<b>New mailing address for correspondence</b> Statements etc. (if applicable)

Name and address of Bank for encashment purposes and value of encashment

**\*Amendments confirmed by ONE signatory.**

**Signature** \_\_\_\_\_ **Signature** \_\_\_\_\_

**\*CAUTION – If School holds accounts with The Co-operative Bank, which are not funded by the Council, Bank standard Change of Signatories Mandate requires completion. To obtain the mandate contact Children’s Services on 01603 222120. NB All forms, once completed should be forwarded to Admin Officer, Room 064, County Hall, Martineau Lane, Norwich. NR1 2DL**

## Signature Verification

Please complete the section below in black ink and **BLOCK CAPITALS**, with all signatories providing relevant details:  
**NB. For Trusts, all Trustees must sign.**

Full name(s) of Account

Please tick the level of signing authority required when making a request or giving an instruction etc:

Any one of the signatories to sign:

Any two of the signatories to sign:

All signatories to sign:

Other combination please specify:

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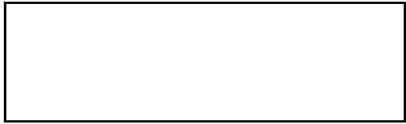

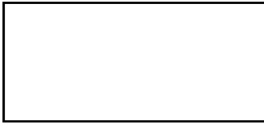



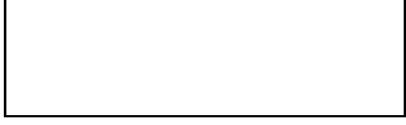

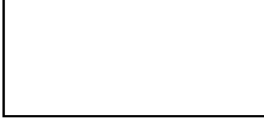











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## Special Education and Additional Needs and Cluster Governance

The purpose of this document is to identify the role and responsibility of cluster governance in relation to specific functions fulfilled by the cluster.

These functions may relate to

- Provision jointly commissioned by the cluster. This could be provided either by a school or schools within the cluster or by outside agencies. The provision for pupils with SEND, in particular those pupils in mainstream settings with high levels of needs, is one example of this.
- Services, support and other functions provided by the cluster but commissioned by others, such as the local authority or parents.
- Collaboration on transition activities

Any other functions schools agree to delegate to the cluster, with reference to the 'Rationale or aims for cluster collaboration' outlined in the Model Cluster Governance Agreement.

Governors will need to ensure that they have appropriate mechanisms to:

- be aware of the funds that have been provided to the cluster each financial year; the purposes for which they are intended and the intended outcomes
- collectively approve the arrangements for using and accounting for such funds within the cluster. It is particularly important that governors satisfy themselves that proper arrangements are in place for the employment of staff financed by cluster monies
- receive reports which satisfy them that the funds have been used and accounted for in the way agreed and that the outcomes have been achieved
- in addition, where collaborative provision is planned, governing bodies also need to ensure that they have the **ability to hold school leaders to account, both individually and, where relevant agreements in place, collectively**

For collaborative SEND provision this might mean:

To have at least one annual meeting where head teachers of the cluster provide information which allows governors to:

a) Evaluate impact in the light of spending

- Consider achievements, progress and review the impact of resources to date (Annually this review would focus on the past year.)

b) Approve plans for the next year

- Identify shared priorities and actions
- Define the anticipated impact of the future spend – what will be different in a year?

- Approve shared budget headings and amounts

c) Review and where necessary amend the overall arrangements for SEND

- Make changes the SEND Cluster Toolkit in light of recommendations from SENCOs and Head Teachers
- Approve changes to significant contractual agreements with other agencies and professionals
- Agree the processes for termly monitoring, such as regular reports on
  - Overview of number of pupils with SEND, the types of needs they have and the provision arranged for them
  - Pupil Mobility
  - Learning outcomes based on assessment information, pupil feedback and parent feedback, for example through the statement review processes
  - Analysis of assessment information, for example by comparing progress to the rest of the cohort or national data
  - Overview of spending against budget forecasts
  - Monitoring reports for pupils attending alternative provision

Alternatively, some of these functions could be integrated into termly Cluster Governance committee meetings. Governors should receive relevant reports and proposals at least one week in advance of any meeting.