

## **21. Income**

### **Preamble**

The following Financial Regulations seek to ensure that all official income collected at schools is properly receipted and banked promptly and intact either to the school's local (direct credit) bank account or to the local authority's Main Account, as appropriate. Requirements concerning the writing off of uncollected official income are also covered to ensure compliance with the Accounts and Audit (England) Regulations 2015.

### **Regulations<sup>1</sup>**

- 21.1. Income raised by schools accrues to the school's budget and is additional to their formula and other grant allocations and balances. Schools may raise income from a range of different sources, except where the activity puts the school's budget share at risk.
- 21.2. All systems for the collection and recording of monies due to the local authority for payment into the local authority Main Account or the school's local bank account where applicable shall be approved in writing by the CFO. Schools must maintain records of all sums due, by either the raising of an invoice through the corporate debtors system or by an alternative approved invoicing system.
- 21.3. Each Headteacher shall supply the FBP CEF, and at the end of each financial year, with such particulars of all monies due as may be required by him/her to record correctly all sums due to the Local authority. Also, each Headteacher shall supply the FBP CEF, at the end of each financial year, detail of individual debts that are proposed for write off.
- 21.4. The CFO shall be notified promptly of all monies due to the Local authority under contracts, leases, tenancy and other agreements, conveyances and other arrangements entered into which involve the receipt of money and the CFO shall have access to the original documents or relevant particulars.
- 21.5. Acknowledgement for money received on behalf of the local authority shall be given by the issuing of a receipt signed by a designated school employee using an official form approved by the CFO. This instruction shall not apply to any legal document prepared by the Director of Law & Governance.

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<sup>1</sup> References to the local authority in these regulations also includes maintained schools

- 21.6. All official receipt forms, tickets, documents and vouchers representing money or having a money value, which are printed to acknowledge income due to the Local authority, shall be ordered and issued under arrangements agreed by the CFO. This instruction shall not apply to any legal document prepared by the Director of Law & Governance. The documents referred to in this instruction shall be kept securely and records of use maintained.
- 21.7. Manual systems or cash receipting machines used for the purpose of receipting official income shall only be used in accordance with procedures agreed in writing with the CFO.
- 21.8. All sums of official income received by school employees shall be banked intact and without delay to the appropriate account, local authority Main Account<sup>2</sup> or to the school's local bank account<sup>3</sup>, or paid over to the CFO for banking.
- 21.9. The Headteacher, or an employee designated by him/her, shall keep an accurate and chronological account of all receipts and deposits into the local authority Main Account or the school's local bank account or passed to the CFO and shall keep any other records as may be required by the CFO. This also includes the completion of the paying-in slip, including the particulars of each cheque and the reason for the income.
- 21.10. Official money received shall not be used to cash personal or any other cheques.
- 21.11. Headteachers must make all reasonable efforts to ensure that income due to the school or to the local authority (e.g. school meals) is collected. Where such efforts have failed, details of outstanding debts should be referred to the Director of Law & Governance.
- 21.12. Once identified, no debt may be cancelled except by full payment, or by writing-off in accordance with approved procedures. The Headteacher shall submit regular reports to the Governing Body of amounts proposed for write-off. The debts shall be formally considered and endorsed by the Governing Body and recorded in the minutes. A schedule of proposed write-offs shall be submitted to the Director for Children Services.
- 21.13. A credit note to amend a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and / or billing of the original debt.

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<sup>2</sup> Through the school's direct credit bank account

<sup>3</sup> This does not refer to schools local expenditure bank account

21.14. Adequate arrangements for the separation of duties shall be made by the Headteacher in relation to the control of arrears and the collection and banking of income and the preparation and monitoring of accounts.

21.15. No money due to the local authority over £10,000 plus VAT shall be written off without the written authority of the CFO and approval of the Cabinet. Subject to the written approval of the CFO, the Director for Children Services;

- a) Authorising the write off of any loss of money not exceeding £10,000 including VAT
- b) Approving the abandonment or remission of any claim for money due to the Local authority when the sum does not exceed £10,000 including VAT

provided that in either case writing off, and abandonment or remission is not due to fraud, theft or irregularity by an employee or governor of the school.

For write offs from SAP, these invoices may be written off by the Headteacher as soon as the write off becomes apparent in line with financial regulations at [paragraph 21.20](#). These write offs must be declared at year end to the FBP CEF.

21.16. Income from lettings of the school premises is allowed to be retained by the school and normally be paid into local authority's main account, except when school premises are not owned by the local authority. Hiring charges may be discounted to allow lettings for community and voluntary use to be subsidised with income from other lettings, provided that there is no net cost to the school budget share.

21.17. Income from the sale of assets purchased from the school budget share or delegated funds<sup>4</sup> can be retained by the school and spent for the purpose of the school. Where the asset was purchased from non-delegated funds or is owned by the local authority, the local authority will decide whether the school should retain the proceeds.

21.18. Scale of charges for services shall be reviewed at least annually by the Governing Body. This shall also include the school's charging policy.

21.19. All income charged and subsequently banked and posted in the accounting system will be in accordance with Value Added Tax regulations.

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<sup>4</sup> Subject to any conditions relating to grant monies allocated and used by the school