

7.9 LETTINGS POLICY AND ADMINISTRATION

Introduction

In addition to being a means to enable the delivery education to the pupils, the school's premises can also be used to generate income from third parties that wish to hire a particular facility. This is known as a letting.

A letting is where the school makes a specific part of its premises available for use by a Third Party (i.e. an individual or group that has a separate legal identify to the school), for example; letting out its playing field to a Hockey club or its Hall to an individual for a Wedding Reception. In doing so there is a legally binding contract between the school and the third party.

The letting of school premises must not be confused with Extended School Community Focused Activity. If the facility is tutored / run by a person employed or contracted by the school, then this would be deemed Community Focussed Extended School Activity, other wise the activity is deemed to be a letting. This distinction is very important as Lettings have a different legal basis from Community Focussed Extended School Activity.

Internal school Audits regularly identify weaknesses in Lettings Policy and Administration. Therefore it is important that schools follow this guidance in order to safeguard the school's assets and to reduce the risk of loss.

General Principles

Schools are allowed to retain income from lettings of the school premises and are able to cross subsidise lettings for community or voluntary use with income from other lettings – provided the school can demonstrate that there is no net cost to its delegated budget.

Schools are required (under Section 5.1 of the Scheme for Financing Schools) to have regard to directions issued by the Local Authority with regard to the use of its premises.

Schools must include details of their Lettings Policy and procedures in their Financial Management Policy and Procedures Document

The income from lettings should be paid into the same account from which the related expenditure was paid i.e. the school's Delegated Budget / Budget Share Account. However, in Voluntary Aided Schools where the premises are owned by the Governors, then it is permissible for the income to be paid into the Governor's account but only if all identifiable costs associated with providing the letting are reimbursed to the school's delegated budget. Where income from lettings is paid into the Governors account then the Lettings Policy should set out the frequency at which associated costs are reimbursed to the delegated budget together with the basis on which these are calculated. The Governors account can retain any profit accruing from the letting of its premises

Schools using Banking & Funding Option A are allowed to transfer the profit made on lettings into their Reserve Account, subject to approval by the Chief Finance Officer. Schools wishing to do this should prepare a profit statement each term which identifies lettings receipts and all costs incurred in operating those lettings in that term. This statement should then be submitted to The Schools Accountancy Section, Building 4, North London Business Park, London N11 1NP. Upon receipt of written instruction from the Chief Finance Officer, schools using this Funding Option can then transfer the disclosed profit from lettings from their Budget Share Account into their interest bearing Reserve Account.

Policy

It is at the school's discretion as to whether it makes its premises available for hire to individuals or groups, and if so under what terms and conditions. Such decisions should be recorded in a Lettings Policy. There are several key areas that must be addressed in the Policy: -

Availability

The school needs to establish which of its facilities it wants to make available for hire together with the times at which they will be made available. Consideration should be given to the level of risk associated with letting a facility e.g. letting the hall or playing field would carry less risk than letting out the kitchen or science room. In addition, it would not be reasonable for all facilities to be available for hire 24 hours a day seven days a week so consideration needs to be given to what is practical, manageable and acceptable to stakeholders such as local residents.

Scale of Charges

A scale of charges for the hire of each specific facility. The charges should be based on an hourly rate and take account of all identifiable direct costs associated with providing the facility (e.g. Caretaker's overtime) plus identifiable indirect costs (e.g. extra electricity or cleaning). The cost of providing a letting will vary according to the time and day on which it takes place. For example, depending on whether or not the letting takes place during normal school hours, on a weekday, weekend or bank holiday. The Scale of Charges must address these differing costs to ensure the letting is not provided at a loss to the school's delegated budget. The Scale of charges should be reviewed annually, and where necessary, the charge rates revised.

Concessions

The circumstances in which concessions will be made (if any). The school can choose to reduce the standard scale of charges if they feel a particular letting will be of religious, recreational or educational benefit to the community or if they feel it will promote the school's general ethos and values. However all lettings must carry a charge which recovers costs incurred to the school in providing the facility.

Terms & Conditions of Hire

This is a very important area. The terms & conditions set out the legal basis of the letting as well as covering a range of general and specific issues that

the hirer needs to be aware of. Areas that should be included in the Terms & Conditions include:

- Application & Booking arrangements
- Access to the premises
- Access to First Aid
- Parking
- Use of toilets & phone
- Cancellations & Refunds
- Damage deposit
- Insurance arrangements
- Payment Requirements
- Expected standards of behaviour
- Appeals & grievances procedure

Organisation of Responsibility

Setting out who will be responsible for each specific area of Lettings Policy & Administration (i.e. Full Governing Body, Finance Committee, HT, Caretaker etc). Such specific areas include:

- Scale of Charges - preparation / review / approval
- Terms & Conditions of Hire – preparation / review / approval
- Mediating in disputes
- Taking booking enquires & sending forms to hirer
- Allowing hirer's access to the facility
- Receiving Payment from Hirer
- Invoicing
- Banking lettings income

The Lettings Policy should stipulate the frequency at which the terms & conditions and the Scale of Charges are reviewed. An example Lettings Policy is shown at [Appendix 1](#)

Arrangements for the collection and banking of all income, including from Lettings, should be included in the school's Financial Management Policy and Procedures Manual.

Lettings Diary

A Lettings Diary should be kept and a designated person(s) made responsible for updating it with: -

- details of provisional & confirmed bookings i.e. who, when, duration, which facility etc
- details of payment – i.e. date, method, deposit slip reference, date banked etc
- A note of any damages or additional cleaning required as a result of the let
- The time at which the hirer vacated the let

Process

Schools are required to adhere to the following process for the operation of lettings. All the forms referred to in this process can be purchased from the Schools Finance Support Section, although schools are free to devise their own forms provided they contain the recommended information as shown in the appendices.

The [Lettings Application Form](#) provides a formal request by a third party for use of the school premises. A list of recommended contents of a Lettings Application Form is shown in [Appendix 2](#). When an enquiry is received from a prospective hirer, this form must be sent out along with [the Terms & Conditions of Hire](#) (example shown in [Appendix 3](#)) and the [Scale of Charges](#) (example at [Appendix 4](#)).

When the application form has been returned, the school should decide whether to accept the Hirer's application. If the letting is accepted then the school should confirm this by completing and sending a [Provisional Booking Notice](#) to the hirer (recommended contents at [Appendix 5](#)) together with an [Acceptance Advice Form](#) (recommended contents at [Appendix 6](#)) and a deposit request. A deposit is recommended as it commits the hirer to honouring the let and reduces the likelihood of them not taking up the let once the facility has been allocated to them. The Terms & Conditions of Hire should state that the deposit is non-refundable in the event of the hirer not taking up the let.

Once the hirer has completed and returned the Acceptance Advice, the contract is legally binding, as in law there has been an offer, an acceptance of that offer with consideration being present. At this stage the date and time of the letting should be confirmed in the Lettings Diary. Any deposit received with the Acceptance Advice should be banked immediately.

The school should then send a [Lettings Invoice](#) to the hirer in sufficient time to allow payment to be received prior to the let taking place. The Lettings Invoice should contain the information given in [Appendix 7](#). Where VAT is charged on the invoice the London Borough of Barnet's VAT registration number – 229 2360 70, must be quoted. If a deposit has been received this should be acknowledged on the invoice and the amount due reduced accordingly. A pre-numbered receipt should be issued to the hirer when the cheque/cash for the balance is received.

It is recommended schools also request and obtain a refundable Damage Deposit. This should not be refunded until the Lettings Manager (or person responsible for overseeing the let) is satisfied that the conditions of the hire have been adhered to and that no additional charges need to be levied for cleaning, breakages etc. Reference to any Damage Deposit required should be included in the conditions of hire. Schools may wish to set the amount of the Damage Deposit at a fixed rate (e.g. £100) or as a percentage of the value of the let. It is recommended that a separate invoice be issued to the hirer for the indemnity deposit.

The school must ensure that adequate Public Liability Insurance is in place. This indemnifies the hirer (not the school) against any claims made against them by the school or other persons for loss, damage, injury or death caused by their negligence.

Schools are recommended to arrange Public Liability Insurance on behalf of the hirer with their own Insurance Provider. If, in arranging this cover, the School's Insurance Provider applies additional charges, then these should be passed on to the hirer and

the amount included in the lettings invoice identified as an 'insurance surcharge'. It is unlikely that your current insurance includes cover for hirers'. Schools are therefore advised to check with their Insurance Provider as to how and when extra charges are to be repaid.

Alternatively, the school can ask the hirer if he/she already holds Public Liability insurance. If the hirer informs the school that they have this cover, the school should ask the hirer to produce their insurance schedule to enable the school to: -

- Check that the hirer is the insured,
- Check that the policy is in date, and
- Ensure the public liability cover is at least £2,000,000 at the time of the letting.

In which case the school should take a photocopy of the schedule for its retention.

A designated school employee should be on hand during the let and must note the time at which the hirer vacated the facility. If this is different to the time that the hirer booked and was invoiced for, then the designated school employee should also check for and make a note of any damage or extra cleaning requirements – if either of these are present then an additional charge should be levied or a reduction made from the deposit as appropriate.