

Section 7

Financial matters

The efficient management of deposits, cash and other valuables on educational visits is crucial. Leaders will be aware that they are dealing with other people's money and that uninsured loss would not be covered by the Council. The following advice and references are intended to help organisers manage financial matters legally and effectively guidance compliments the Edinburgh City Council document "The Protection of Young People in the context of Educational Visits". Schools/centres involved in visits abroad are recommended to refer to this document.

Selection of operator or company

- 1) In view of the substantial number of liquidations in the travel industry in recent years it is essential that organisers select operators bonded with the Association of British Travel Agents (ABTA) or those able to prove financial security through other means.
- 2) Financial security options are:
 - ABTA membership
 - membership of a DTI-approved bonding organisation
 - placing of deposits with a secure third party, eg bank or solicitor, released only on
 - agreement of the party leader
 - insurance against the effects of liquidation

It may be wise to opt for a combination of one of the above with appropriate insurance.

Unless the above security can be obtained organisers should avoid using companies / operators offering educational packages, however attractively priced.

Contracts and booking

- 3) When using an external provider, such as a commercial centre or company, please apply the following guidance before signing any booking form or contract.
- 4) Establish, by reference to publicity information that the location, nature and activities offered appear educationally suitable for your group and are commensurate with the aims of the visit.
- 5) Clarify any initial concerns by phone, using the Independent Providers Questionnaire (Section 4) as a basis. Seek any specialist advice on issues arising through the provider's responses from the Outdoor Education Adviser.

- 6) Make a booking provisional on the return of the satisfactorily completed Independent Providers Questionnaire. In making a booking, it is important to ensure that the booking form (contract) is signed on behalf of the school/ establishment. The contracts must always be with the school/centre and not with the parents. The Council Legal Department's advice is as follows:

Booking forms completed and signed by individual organisers in their own names create a contract between the tour operator and the organiser. If a problem arises in relation to the trip booked which warrants action being taken against the operator, it would be for the individual organiser to take the action and not the school/LEA as the organiser is the contracting party. Similarly, if action were to be taken by the tour operator, or someone who went on the trip, against the organiser of the trip, the action would be against the individual member of staff. To ensure that staff are protected and the Council can fund legal action in relation to the contract, when entering into contracts with tour operators, the documentation should be completed in the name of the establishment and not that of individual organisers. The arrangements which establishments already have as to who is able to sign the contracts on behalf of the governing body will apply.

- 7) Visit leaders/EVCs should be aware of the LEA/school/centre procedures before deciding which provider to use.

Security of deposits and accounting

- 8) Visit leaders will frequently have to act as agents for the authority or school/centre in the collection and accounting of parental contributions. Leaders must, at the early planning stage, familiarise themselves with arrangements for financial accountability within the establishment.
- 9) It is particularly important to:
- ensure that the Council requirements and the establishments internal procedures for financial accountability are adhered to
 - have specific times for collection and receipting of deposits and to avoid ad hoc arrangements
 - ensure that monies are not credited, or bills paid, through an individual organiser's personal bank account, however convenient this may appear, without the specific, prior, written approval of the headteacher/senior youth worker
 - ensure simultaneous recording/receipting of amounts collected
 - maintain adequate records to ensure all moneies due are identified and collected
 - make arrangements with the establishment for the hand over of records and monies as appropriate
- 10) Visit leaders should follow the established procedures for collecting, recording, holding and banking cash and for dealing with such issues as pocket money.
- 11) The retention of records to support the calculation of the costs of visits is important.

References

Financial Regulations for Schools 4th Edition August 2002

Organised school visits and VAT

- 12) A school/centre may reclaim the VAT incurred on a visit, providing that ALL of the following conditions apply:
- the trip/visit is NOT booked through a Tour Operator
 - the invoice is paid through LEA funds
 - if the trip is for an educational purpose, the contributions from young people do not exceed the cost
 - if the trip is for non-educational purposes, at least 10% of the net cost is paid from the school's/centre budget
- 13) To take advantage of a VAT refund, the school/centre should pay the invoices relating to the visit through its capitation budget and code VAT in the usual way. Contributions received from parents are then credited to the budget and the difference between the cost and the contributions is the school's/centre subsidy.
- 14) The Tour Operators' Margin Scheme does not allow tour operators to provide a tax invoice. Therefore, a tour operator may quote a price 'inclusive of VAT'. A school/centre cannot reclaim the VAT element unless the VAT registration number is on the invoice.

Package travel regulations 1992

The Package Travel, Package Holidays and Package Tours Regulations 1992 came into force on the 31st December 1992 and could affect the organisation of some school visits and journeys.

- 15) The regulations apply to all 'packages' (see below) sold or offered for sale in the UK and provide for both civil remedies and protection as well as criminal offences. Its objectives are to ensure that:
- information given in brochures is correct
 - the organiser is strictly liable for the contract
 - organisers have security for prepayments and for repatriation of customers as a result of insolvency
 - organisers can be prosecuted for non-compliance and sued for non-performance.

16) A "package" is defined in the regulations as a set of services which:

- includes an overnight stay or last more than 24 hours
- incorporates two or more elements of i) accommodation ii) transport iii) 'significant' tourist services
- is 'pre-arranged' ie, the elements are put together before conclusion of the contract
- is sold or offered at an inclusive price even if separate invoices are submitted for different elements.

17) Most residential visits arranged by schools/centres through an external operator, eg a commercial travel company, will fall within the regulations. Since the external operator is the provider of the package, it is the responsibility of the operator to comply with the regulations.

Schools/centres must check that the package operator provides adequate financial security in the event of insolvency through an appropriate bonding or trust arrangement (see paragraphs 1 and 2 above).

18) It is understood that packages arranged as part of the formal curriculum of the school/centre are exempt from the regulations. Other journeys, in which the elements are packaged by the school and 'sold' to parents, will be subject to the regulations. This applies particularly to activities which are not part of the formal curriculum.

19) Whether or not packages offered by schools/centres fall within, or are exempt from, the regulations, organisers should apply the same clarity of information and financial protection as is required by the regulations.

Consequently, the organisers of journeys are strongly advised to ensure that:

- the information given to parents is correct and is provided, wherever possible, in writing
- what is provided (eg accommodation standard, transport and/or activities) is as described
- adequate insurance cover is provided as part of the package, including cover for repatriation where appropriate.

A copy of a guide for organisers and retailers - 'Looking into The Package Travel Regulations' can be obtained by ringing the Department of Trade and Industry's 'Leaflet Line'. Telephone 0207 215 0344.

Organisers with particular issues of concern may wish to contact the Trading Standards Department on 0845 3030666

Charging for Schools Activities Educational Act 1996 (Section 451)

Statement of policy and guidance for schools

The following summarises the detailed guidance given in the above titled document previously circulated to schools. Leaders are asked to refer to the above document in case of doubt over the legality or procedure of any charging issue.

The legal position

- 20) Schools may invite, but not require, parents to make voluntary contributions to the school's activities in order to enhance what is otherwise provided eg school visits or journeys (see below).
- 21) Charges may be made for the cost of activities provided outside school hours (see below) except where the activity is specifically required by external examination syllabus or national curriculum legislation.
- 22) Schools are prohibited from charging for any activity undertaken within normal school hours (see below) except for board and lodging on residential courses (see Remissions below).

Activities partly during schools hours

The Act prescribes a basis for determining whether an activity is deemed to take place in or out of school hours as follows.

Non-residential activities

- 23) If 50% or more of the period spent on the activity occurs during school hours then the activity is deemed to take place in school time.
- 24) Where less than 50% of the period spent on the activity falls during school hours then the activity is deemed to take place outside school hours and may therefore be considered an 'optional extra'.

In calculation:

- travel time can be counted only if the travel itself occurs during school hours
- school hours do not include the mid-day break

Residential visits

25) For residential visits the calculation is based on the number of half-days taken up by the activity, including travel, relative to the number of school sessions the participant would have attended if the activity had not taken place.

In calculation:

- a school day must be divided into two sessions
 - a 'half-day' means any period of 12 hours (00.00 - 12.00 or 12.00 - 24.00)
 - where 6 or more hours of a half-day are spent on the visit then the whole half day counts
 - where half or more of the school session is spent on the visit then all of the session counts.
- 26) If the number of school sessions missed by the participant is less than 50% of the number of half-days taken up by the activity then the visit is deemed to take place outside school hours.
- 27) If the number of school sessions is 50% or more of the number of half-days then the visit is deemed to take place during school hours.

Voluntary contributions

- 28) In seeking voluntary contributions for school activities schools must make it clear to parents that:
- there is no obligation to contribute
 - that pupils, will not be treated differently according to whether or not their parents have made a contribution
- 29) In consequence schools are permitted and are strongly advised to:
- indicate the level of contribution required for the activity to take place
 - consider that such contribution may include, for example, an element to cover the participation by pupils from low-income families or the cost of travel for accompanying teachers
 - indicate that the activity may not take place if parents are reluctant to support it

Activities arranged during school hours by a third party

30) Activity organisers should be aware that neither the LEA nor the school is permitted to be involved in this type of arrangement. Organisers and leaders are therefore vulnerable since they are deemed to be operating outside their contractual obligation. LEA insurance cover does not apply.

31) Where such an activity involves a teacher at the school such a teacher would have to:

- apply for leave of absence
- arrange suitable and adequate insurance cover, including professional indemnity cover for all accompanying adults
- ensure the adequacy of arrangements made by the Third Party for the safety and welfare of the participants
- remind parents to apply to the school for leave of absence for their children

Board and lodging

32) On residential visits the costs of board and lodging may be charged to pupils in all cases (except where remissions apply), whether in school hours or not.

Board and lodging costs are deemed to include all elements of food and accommodation as appropriate to the particular visit.

Charges for board and lodging must not exceed the actual cost of its provision for the individual pupil.

Accompanying teachers

32) The Act differentiates between visits undertaken in school hours and out of school hours. In the former case the board and lodging costs of staff cannot be passed on to pupils, except through voluntary contributions.

33) Residential activities taking place out of school hours (see paragraphs 21 - 24 above) may include a cost element for engaging teachers specifically for providing the activity and for supplying such teachers with travel, board and lodging. This can only be done by engaging teachers on a simple but separate contract to provide the optional extra.

Remissions

34) Most schools operate their own remissions policy but the Act now requires that board and lodging costs must be paid for families who receive income support, income-based Jobseeker's Allowance, support under part VI of the Immigration and Asylum Act 1999, Working Families Tax Credit or Disabled Person's Tax Credit, where parents apply for such remission for any residential activity which is:

- during school hours
- involving delivery of the national curriculum
- required as part of a syllabus for a prescribed public examination

35) For residential activities deemed to be optional extras, such remissions are at the discretion of schools.

