

Analysis of recognition criteria for non-current schools' assets (land and buildings)

Community schools

Recognition Criteria	Factors supporting local authority recognition	Factors neither supporting nor against local authority recognition	Factors against local authority recognition
Future economic benefits and service potential controlled by the authority.	<ul style="list-style-type: none"> • Legal ownership rests with the authority. • The authority controls access to the service potential as it is the admissions authority therefore controls the access of the beneficiaries to the service potential in the individual assets. It also determines the admission number based on capacity of the school. • The authority has the power to invoke statutory provisions to move, close or enlarge schools assets in support of their statutory duties. • Profits raised through community use of schools belong to the LA on whose land the profits were made, but LAs may allow schools to keep the income that they generate. 	<ul style="list-style-type: none"> • The authority has the duty to secure sufficient education for its population and therefore is able to utilise a measure of the capacity of the asset to provide education services to the authority's benefactors. 	<ul style="list-style-type: none"> • Governing bodies may invoke statutory procedures to enlarge a school. • The governing body is in control of use of premises under statute.

As a result of past events	<ul style="list-style-type: none"> The authority's legal ownership and statutory duties. 	<ul style="list-style-type: none"> The governing body's responsibilities for conduct of the school and to improve standards and performance. 	
Benefits expected to flow to the authority	<ul style="list-style-type: none"> There will be flows of service potential from the provision of education services to the authority and to parents. 		
Can be measured reliably		<ul style="list-style-type: none"> The service potential in the assets can be measured appropriately under IFRS by reference to the underlying asset. 	

Conclusion: The balance of factors supports the recognition of community schools' assets on the local authority balance sheet

Voluntary controlled schools

Recognition Criteria	Factors supporting local authority recognition	Factors neither supporting nor against local authority recognition	Factors against local authority recognition
Future economic benefits and service potential controlled by the authority	<ul style="list-style-type: none"> • The authority controls access to the service potential as it is the admissions authority therefore controls the access of the beneficiaries to the service potential in the individual assets. It also determines the admission number based on capacity of the school. • The authority has the power to invoke statutory provisions to close or enlarge schools assets in support of their statutory duties. 	<ul style="list-style-type: none"> • The authority has the duty to secure sufficient education for its population and therefore is able to utilise a measure of the capacity of the asset to provide education services to the authority's benefactors. 	<ul style="list-style-type: none"> • Land at voluntary schools is usually owned by trustees. • The governing body is in control of use of premises under statute. There may be exceptions to this if a trust deed says that someone else has control of the use of premises. • The governing body has power to invoke statutory provision to close schools (but will need Secretary of State permission if the school has incurred capital expenditure funded from "public" sources).
As a result of past events	<ul style="list-style-type: none"> • Provision of publicly funded education services from the school. 	<ul style="list-style-type: none"> • The governing body's responsibilities for conduct of the school and to improve standards and performance. 	<ul style="list-style-type: none"> • The schools/trusts legal ownership.
Benefits expected to flow to the authority		<ul style="list-style-type: none"> • There will be flows of service potential from the provision of education services to the authority, the trust/governors and to parents 	

Can be measured reliably		<ul style="list-style-type: none">• The service potential in the assets can be measured appropriately under IFRS by reference to the underlying asset	
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Conclusion: The factors are very evenly balanced, and respondents' views are sought as to the appropriate weighting of these factors in respect of voluntary controlled schools. However, this even balance is likely to mean that there is not enough evidence to override the form of the transaction and therefore CIPFA/LASAAC is of the preliminary view that the non-current assets should *not* be recognised in local authority balance sheets.

Voluntary aided schools

Recognition Criteria	Factors supporting local authority recognition	Factors neither supporting nor against local authority recognition	Factors against local authority recognition
Future economic benefits and service potential controlled by the authority	<ul style="list-style-type: none"> The authority has the power to invoke statutory provisions to close or enlarge schools assets in support of their statutory duties. 	<ul style="list-style-type: none"> The authority has the duty to secure sufficient education for its population and therefore is able to utilise a measure of the capacity of the asset to provide education services to the authority's benefactors. 	<ul style="list-style-type: none"> Land at voluntary schools is usually owned by trustees. The governing body is the admissions authority and therefore controls access to service potential. It also determines the admission number based on capacity. The governing body also has power to invoke statutory provision to close schools (but will need Secretary of State permission if the school has incurred capital expenditure funded from "public" sources). The governing body is in control of use of premises under statute. There may be exceptions to this at if a trust deed says that someone else has control of the use of premises

As a result of past events	<ul style="list-style-type: none"> Provision of publicly funded education services from the school. 	<ul style="list-style-type: none"> The governing body's responsibilities for conduct of the school and to improve standards and performance. 	<ul style="list-style-type: none"> The schools/trusts legal ownership.
Benefits expected to flow to the authority		<ul style="list-style-type: none"> There will be flows of service potential from the provision of education services to the authority, the trust/governors and to parents. 	
Can be measured reliably		<ul style="list-style-type: none"> The service potential in the assets can be measured appropriately under IFRS by reference to the underlying asset. 	

Conclusion: The balance of factors does not support the recognition of voluntary aided schools' assets on the local authority balance sheet.

Foundation schools

Recognition Criteria	Factors supporting local authority recognition	Factors neither supporting nor against local authority recognition	Factors against local authority recognition
Future economic benefits and service potential controlled by the authority	<ul style="list-style-type: none"> The authority has the power to invoke statutory provisions to close or enlarge schools assets and provision in support of their statutory duties. 	<ul style="list-style-type: none"> The authority has the duty to secure sufficient education for its population and therefore is able to utilise a measure of the capacity of the asset to provide education services to the authority's benefactors. 	<ul style="list-style-type: none"> The land at foundation schools is owned by the governing body or trustees. The governing body is the admissions authority and therefore controls access to service potential. It also determines the admission number based on capacity. The governing body also has power to invoke statutory provision to close schools (but will need Secretary of State permission if the school has incurred capital expenditure funded from "public" sources). The governing body is in control of use of premises under statute. There may be exceptions to this at if a trust deed says that someone else has control of the use of premises.

As a result of past events	<ul style="list-style-type: none"> • Provision of publicly funded education services from the school. 	<ul style="list-style-type: none"> • The governing body's responsibilities for conduct of the school and to improve standards and performance. 	<ul style="list-style-type: none"> • The schools/trusts legal ownership.
Benefits expected to flow to the authority		<ul style="list-style-type: none"> • There will be flows of service potential from the provision of education services to the authority, the trust/governors and to parents 	
Can be measured reliably		<ul style="list-style-type: none"> • The service potential in the assets can be measured appropriately under IFRS by reference to the underlying asset 	

Conclusion: The balance of factors does not support the recognition of foundation schools' assets on the local authority balance sheet.