

Agenda Item 8

Schools Forum

18th June 2018

Scheme for Financing of Schools: Updates

This report is for decision.

1. Recommendations:

That Schools Forum members:

- 1.1 Approve the updates to the Scheme for the Financing of Schools outlined in the report and Appendix 1.

2. Purpose

- 2.1 This report is to obtain approval for the updates to be made to the Scheme for the Financing of Schools.

3. Links to School Improvement Priorities

- 3.1 School leaders and the relevant committee of governing bodies should take note of proposed changes and how they impact on management of school finances and budgets.

4. Report Details

- 4.1 Local authorities are required by the Department for Education (DfE) to publish schemes of financing setting out the financial relationship between them and the schools they maintain.

Directed Revision

- 4.2 The Secretary of State may by direction revise the whole or any part of the scheme. In order to make a directed revision, the Secretary of State has to consult the relevant local authorities and other interested parties. Following consultation, the Secretary of State directs that from 22 March 2018 the text below be incorporated into the schemes of all local authorities in England:

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

4.3 Updates to the guidance

- 4.4 Updates have been made to the guidance by the DfE, to mirror changes to the Schools and Early Years Finance (England) regulations 2018.
- 4.5 Paragraph 4.8 (Balances of closing and amalgamating schools) has been updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9).
- 4.6 Annex B: Responsibility for redundancy and early retirement costs has been updated to reflect changes under Schedule 2 Part 7, of the Finance Regulations. This details how a local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.
- 4.7 The removal of wording in paragraph 2.3.1 (Submission of financial forecasts), as regulations no longer allow local authorities to issue budget shares for a multi-year period.
- 4.8 References to the Audit Commission have been removed from paragraph 2.6 (Audit: General), as this has been abolished.
- 4.9 Within paragraph 6.2.15, (6.2 Circumstances in which charges may be made) 'statement of SEN' has been replaced with 'Education Health and Care Plan (EHCP)'.
- 4.10 Appendix 1 to this report details DfE updates to the Scheme for the financing of Schools as set out by the Department for Education (DfE).

5. Recommendations

- 5.1 That Schools Forum members approve the updates to the Scheme for the Financing of Schools outlined in the report and Appendix 1.

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Date: 20/06/2018

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