

Schools Forum

Monday 14 March 2022

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 the 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.
- 4.2 The consultation launched on Friday 11 February and remained open until Monday 28 February 2022 giving two weeks for any comments or responses to be sent to the Schools Financial Team.
- 4.3 The consultation period was extended to the 4th March 2022 as one week of the original consultation period covered the February half term holidays.
- 4.4 No comments were received within the consultation period.

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.

Rose Kerr, Principal Accountant

Date: 07/03/2022

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11.12 Information for Maintained schools involved in outsourcing

The authority is aware that schools are examining different service delivery models, which could entail the outsourcing of services.

Where the outsourcing of services involves ~~the~~ TUPE transfer of any council employees who are members ~~of~~ or are entitled to be members of the Local Government Pension Scheme (LGPS), there will be pension ~~transfer~~ implications which ~~should~~~~must~~ be considered as part of the ~~initial~~ tender process.

There is a responsibility for schools to be fully aware of ~~the~~ pension ~~transfer~~ procedures and ~~protocols~~ ~~arrangements~~ early on in ~~the~~ ~~any~~ tendering process.

Schools considering outsourcing a service must ~~should~~ contact the following bodies/teams at the ~~start of the tendering process~~ ~~earliest opportunity~~ to ensure ~~all~~ ~~any~~ pension implications are fully understood and considered.

- Schools Strategic Finance Unit (SSFU) schools_financialservices@sandwell.gov.uk
- Local authority HR Team hr_frontline@sandwell.gov.uk
- Local authority Legal team hr_frontline@sandwell.gov.uk
- The West Midlands Pension Fund

~~Once all the relevant information has been received, the authority will contact the West Midlands Pension Scheme~~

This will ~~help to~~ ensure that the proper processes are followed, and the school can factor in any pension issues and costs in their tender documents and potential contractors can price these costs accurately into their bids. This will avoid potential and unnecessary delays and complications at the latter stages of the tender process or after the contract has been awarded.

It is recognised that Schools do have the delegated powers to make such decisions without the need to seek formal Council approval. However, under pension fund regulations and in relation to any potential future pension liabilities/guarantees the Council (Not the School) is still regarded as the Scheme Employer. This means that the Council (~~Not the School~~) is ~~must be~~ a party to the Pension Admission Agreement which has to be signed and executed under deed of seal by Council Officers acting on behalf of the Council. ~~The agreement also has to be signed and executed by the West Midlands Pension Fund (The Administering Authority), and the new employer (The Admission Body).~~

Once signed and sealed the Pension Admission Agreement will enable those transferred staff to continue to participate in the Local Government Pension Scheme as part of their employment with a new employer.

If proper process is not followed then this could result in those former Council employees no longer being eligible to participate in the West Midlands Pension Scheme. Those employees would suffer significant financial loss arising from the curtailment of their accrued future pension benefits.