

TITLE	2019/20 Update of Scheme for Financing Schools
FOR CONSIDERATION BY	Schools Forum on 10 July 2019
WARD	None Specific
LEAD OFFICER	Director of Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

To provide transparency on the local arrangements for financing schools and the financial relationship between the Council and the schools they maintain.

RECOMMENDATION

The maintained school members of Schools Forum are asked to comment on the updated Scheme for Financing Schools, and approve those changes that are subject to local discretion.

SUMMARY OF REPORT

The Department for Education (DfE) requires local authorities to publish a scheme for financing schools, setting out the financial relationship between them and the schools they maintain. DfE guidance lists the provisions which a local authority's scheme must, should or may include.

In making any changes to their schemes, local authorities must consult all maintained schools in their area and receive the approval of the members of their Schools Forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the Schools Forum.

This report provides details of the proposed changes to the Wokingham Scheme for Financing Schools, taking account of the most recent guidance published in February 2019 by the DfE.

The scheme has been updated to take account of required DfE amendments resulting from changes of policy and legislation. All other changes proposed by the Council at this time are minor presentational updates and do not reflect any local policy change.

2019/20 Update of Scheme for Financing Schools

July 2019

.01 Purpose of the Report

To consult and seek approval from the maintained members of the Schools Forum on the proposed changes to the Scheme for Financing Schools, taking account of updated guidance from the Department for Education (DfE).

.02 Recommendation

The maintained Schools Forum members are asked to approve the changes suggested to the Scheme for Financing Schools, taking note of those directed by the Secretary of State, and approving those subject to local discretion.

.03 Background

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The DfE publishes guidance which lists the provisions a local authority's scheme must, should or may include.

In February 2019 the DfE published issue 10 of the statutory guidance for local authorities on Schemes for Financing Schools. It relates to Section 48 of the [School Standards and Framework Act 1998](#), and Schedule 14 to the act.

In making any changes to their schemes, local authorities must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum.

This report provides Schools Forum with the proposed changes to the Wokingham Scheme for Financing Schools as a result of the updated guidance above.

.04 Key changes directed by the DfE

The DfE has made a number of directed revisions on key areas local authorities must include in their schemes. Largely, these were already covered in Wokingham's scheme with some wording adjustments required.

Appendix A of this report provides the key areas descriptions from the guidance that are incorporated into the local scheme as directed.

Appendix B of this report provides the wording changes made in the guidance that have also been incorporated into the local scheme.

.05 Minor adjustments proposed locally

Removal of Annex A which is a list of maintained Schools and stated in the title of the Scheme that this is for all maintained schools.

Annex B Bank accounts and Annex C Banks and Building Societies have been merged into one, now Annex A.

Annex D Responsibility for redundancy and early retirement costs is now Annex B in the scheme.

The full updated scheme can be found in the below link
<https://wsh.wokingham.gov.uk/resources/assets/inline/full/0/403239.doc>

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Interim Senior Finance Specialist - Schools
July 2019

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July 2019

Annex A

The Secretary of State directs that the text below should be incorporated into the schemes of all local authorities in England.

Efficiency and value for money

The scheme must include the following provision, which imposes a requirement on schools to achieve efficiencies and value for money, to optimise their resources and invest in teaching and learning, taking into account the purchasing, tendering and contracting requirements.

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

Schools financial value standard (SFVS)

All local authority maintained schools, including nursery schools and pupil referral units (PRUs), that have a delegated budget) must demonstrate compliance with the SFVS and complete the assessment form on an annual basis. It is for the school to determine at which time of the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the chair of governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

Fraud

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching those controls. This information must also be included in the induction for new school staff and governors.

Following consultation, the Secretary of State directs that from 19 August 2015 the text below shall be incorporated into the schemes of all local authorities in England.

Register of business interests

The scheme must contain a provision which requires the governing body of each maintained school to have a register which lists for each member of the governing body and the head teacher:

- any business interests that they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the authority, and to publish the register, for example on a publicly accessible website.

Borrowing by schools

The scheme should contain a provision reminding schools that governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England.

Loan schemes

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.

Annex B

We have made the following updates to reflect current policy positions and changes in legislation:

- Section 2 Summary “It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction”
- paragraph 4.4: changed title from “Efficiency and Value for Money” to “School Resource Management”
- paragraph 4.4: changed wording, including a change from “achieve efficiencies” to “effective management of resources”
- paragraph 4.10: removed “A scheme may invite schools to nominate suppliers for inclusion on lists of approved suppliers. The intention is to ensure that schools do not have to be subjected to unreasonable requirements as to authority counter-signature or use of an approved list, but also ensures that they should obtain at least three tenders or quotations for orders above a certain threshold”
- paragraph 4.10: removed “Authorities may issue lists of approved suppliers; but schools must not be compelled either directly or indirectly to use them. Authorities may wish to point out the advantages of using lists of approved suppliers, eg assurance on health and safety issues”
- paragraph 4.10: added “Schools may seek advice on a range of compliant deals via [Buying for schools](#)”
- paragraph 4.16: removed advice that all local authorities with a delegated budget must submit the schools financial value standard form before 31 March 2013 and annually thereafter; replaced with advice that the form should be submitted before the end of the financial year
- paragraph 7.1: added “However, where land is held by a charitable trust, it will be for the school’s trustees to determine the use of any income generated by the land”
- paragraph 8.2.2: changed “Other expenditure incurred to secure resignations where the school had not followed authority advice” to “Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B)”
- paragraph 10.1: changed to explain the scheme should contain a provision barring the authority from discriminating in its provision of services on the basis of categories of schools, except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant
- paragraph 13.10: clarification on how to fund early retirement and redundancy costs; changed “If the authority proposes to depart from this, then the scheme should contain a provision setting out the circumstances in which exceptions will be made” to “If the authority proposes to make local arrangements in accordance with the act, then the scheme should contain a provision setting out how this will work”

- section 13: updated to reflect changes to the Children and Families Act 2014; a school is no longer required to consult before establishing community facilities, and there is no longer a need for a school to be mindful of a local authority's advice, under section 27 of the Education Act 2002.
- paragraph 15.06: changed "Criminal Records Bureau" to "Disclosure Barring service"
- paragraph 3.1: removed advice that an authority must publish a statement showing outturn expenditure "at both central level and for each school, and balances held in respect of each school"
- paragraph 3.1: removed advice that each school must receive a copy of each year's budget and outturn statements so far as they relate to that school or central expenditure

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