

Appendix A

Changes to The Scheme for Financing Schools 2020/21

Issue 11 of statutory guidance given by the Secretary of State pursuant to s.48(4) and paragraph 2A(2) of Schedule 14 to the School Standards and Framework Act 1998, [School Standards and Framework Act 1998](#).

Paragraph 1.1: The Funding framework: main features

- Minor change - changed to “current funding framework”.

Paragraph 2.4: School Resource Management

- Minor change - removed “taking into account the purchasing, tendering and contracting requirements.”

Paragraph 2.10: Purchasing, tendering and contracting requirements

- Minor change - changed to “For the purposes of the procurement directives schools are viewed as discrete contracting authorities”

Paragraph 10.1: Insurance cover

- Changes made to the guidance - added “Instead of taking out insurance, a school may join the Secretary of State’s Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools may join the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.”

Paragraph 11.3: Governors allowances

- Minor change - changed from “expenses” to “Governors’ Allowances”
- Presentational change - added “Schools without delegated budgets”. The authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors’ expenses. Governing bodies would not normally have discretion in the amounts of such allowances, which would be set by the authority.
- Presentational change - added “Schools with delegated budgets”

Paragraph 13.8: Insurance

- Changes made to the guidance - added “Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.”

Paragraph 13.10: Banking

- Changes to the guidance - deleted “Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining authority (except where this is from the authority as in sections 4.9 and 4.10 above).”

Issue 12 of statutory guidance given by the Secretary of State pursuant to s.48(4) and paragraph 2A(2) of Schedule 14 to the School Standards and Framework Act 1998, [School Standards and Framework Act 1998](#).

Paragraph 2.3.1 Submission of financial forecasts

Directed revision

- deleted “The local authority may require schools to submit a financial forecast covering each year of a multi-year period.”
- added “From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.”
- deleted “However, the requirement to submit a financial forecast should not place undue burdens on schools and should be proportionate to need.”
- deleted “In requesting such forecasts local authorities should state the purposes for which they intend to use this forecast: such a forecast may be used in conjunction with a local authority’s balance control mechanism.”

Paragraph 4.5: Planning for deficit budgets

Directed revision

- added “Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31st March 2021.”
- deleted “The scheme may preclude any planning for deficits, or it may allow schools to plan for deficits only in certain approved circumstances.”

Local changes

Paragraph 2.14 Capital spending from budget shares

- Addition of “both an education and a finance expert”

Paragraph 2.17 Fraud

- Addition of “all”

Paragraph 4.9 Licensed Deficits

- Amended from
The maximum length over which schools may repay the deficit, i.e. reach at least a zero balance, with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, should not exceed five years.
- To
“The recommended length over which schools may repay the deficit, i.e. reach at least a zero balance, with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, is three years. The maximum length of repayment is five years. “

Annex C Directed Revisions added since last updated

- Annex added

Glossary

- Changed to a table format

Changes to bring in line with Scheme for Financing Schools published at <https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools#annex-c-application-of-schemes-for-financing-schools-to-the-community-facilities-power>

Paragraph 2.10 Purchasing, tendering and contracting requirements

- amended “regulations” to “rules”
- addition of “the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices etc”
- deletion of “where relevant, the health and safety competence of contractors”

Paragraph 2.14 Capital spending from budget shares

- Addition of “These provisions would not affect expenditure from any capital allocation made available by the authority outside the delegated budget share.”

Paragraph 2.15 Notice of concern

- Addition of “or both”

Paragraph 2.17 Fraud

- Addition of “school”

Paragraph 4.10 Loan Schemes

- Addition of earlier directed revision so does not require to be consulted upon “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.”

Paragraph 5.1 Income from lettings

- Deletion of “and there is no net cost to the budget share

Paragraph 11.4 Responsibility for legal costs

- Deletion of “Where the governing body incurs legal costs, which are the responsibility of the authority as part of the cost of maintaining the school (unless they relate to the statutory responsibility of voluntary aided governors for buildings), these costs may be charged to the school budget even if the governing body acts in accordance with advice from the authority.”
- Insertion of “Legal costs incurred by the governing body may be charged to the school’s budget share, unless the governing body acts in accordance with the advice of the authority; although this is the responsibility of the authority, as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings.

Paragraph 11.11 Redundancy/Early retirement costs

- Deletion of “The local authority retains a central budget within the schools budget to fund the costs of new early retirements or redundancies by way of a deduction from maintained school budgets (excluding nursery schools) where the relevant members of the Schools Forum agree.” and “Schools cannot access central funding unless they have taken HR and finance advice before any steps towards potential redundancy have been taken.”

Paragraph 13.11 Responsibility for redundancy and early retirement costs

- Deletion of “Responsibility for redundancy and early retirement costs” section

Annex D Earlier Directed Revisions

- Added Annex