

Scheme for Financing Schools

Report being considered by: Schools' Forum on 15th July 2024

Report Author: Melanie Ellis

Item for: Decision **By:** All Maintained School Representatives

1. Purpose of the Report

1.1 To discuss the responses to the consultation on the updated Scheme for Financing Schools.

2. Recommendation

2.1 To recommend to Schools Forum to approve the suggested amendment and publish and adopt the updated Scheme for Financing Schools by 16th July 2024.

Is the Schools' Forum required to make a decision as part of this report or subsequent versions due to be considered later in the meeting cycle?

Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
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3. Implications and Impact Assessment

Equalities Impact:				Commentary
	Positive	No Impact	Negative	
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		

Data Impact:		x		
Consultation and Engagement:				

4. Introduction/Background

- 4.1 Local authorities are required to publish schemes for financing schools which set out the financial relationship between the local authority and the schools they maintain.
- 4.2 The Department for Education (DfE) issues statutory guidance for local authorities on schemes for financing schools. The DfE guidance lists the provisions which a local authority must, should or may include. Local schemes need not follow the exact format used in the DfE guidance, except for the text of directed revisions. The DfE guidance is updated annually.
- 4.3 Issue 16 was published on 28 March 2024 and can be found at:

[Schemes for financing local authority maintained schools 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/schemes-for-financing-local-authority-maintained-schools-2024-to-2025)

- 4.4 In making any changes to the scheme, a local authority must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools.
- 4.5 The local authority has reviewed the current scheme to ensure that all sections are still appropriate. Following on from this review four updates are proposed and were consulted on.

5. Supporting Information

- 5.1 Responses were as follows:
- **5.14** – Reference is made to “notifying” the authority about a direct revenue transfer to capital, but it does not express the details requested or that this is a request to transfer that can be refused. The process of completing the spreadsheets, detailing future commitments and expenditure, then waiting for the letter of acceptance should be documented in the process here.

Response: Section added to Scheme as follows:

In any event if the expected capital expenditure from the budget share in any one year will exceed £20,000, the governing body must;

- Complete a Request to Transfer Revenue to Capital form (Schools Accountancy will provide the form), detailing future commitments and expenditure.

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- Return the form, signed by Chair of Governors, to Schools Accountancy for checking.
 - Schools Accountancy will then send to Service Director - Finance, Property and Procurement to approve.
 - Service Director will then send to Executive Director - Children and Family Services for approval.
 - Note that the schools should take into account any advice from the Executive Director - Children and Family Services as to the merits of the proposed expenditure and note that the request can be refused.
- **7.2** – The last line “This applies to all revenue funds of the school, but excluding community facilities and external services” has been removed from the version being consulted on, but reference not made to this change, please can we understand why this is?

Response: This paragraph was removed two versions ago, and so is not part of this consultation. The last time this paragraph was included was v14. We are now on v16.

- We believe that clarification is required at 6.9 – other provisions – Leasing Arrangements which says that Schools must seek advice from Accountancy before entering into any lease arrangements ?? Given that there are now certain ‘allowable’ leasing arrangements does this still need to happen? Do schools seek accountancy advice for the leasing of the things we are allowed to lease?

Response: This paragraph has now been removed as no longer required.

- An update is required to Annex C (the last page) as this also refers to ‘Borrowing by schools’ and it is now different to the main body of the document.

Response: Please use the main body for the guidance. The Annex C is verbatim from the Government revisions and acts as an audit trail to what changes they have made in the past.

- At 7.2 - Excessive balance is 10% of school’s budget share or £50K whichever is greater. We are concerned that balances at year end can be impacted by items outside of the school’s control...such as receiving a credit for your electricity of £30K in P12 (which erroneously inflated our own year-end position). We would like confirmation that the documentation provided to schools will enable sufficient information to be provided in explanation of such balances.

Response: The documentation requested from schools will enable sufficient information to be provided.

- Our only question relates to that on Clawback. We are unclear how this works with the capital fund given that it is normal for schools to ‘save up’ for bigger capital schemes that don’t form part of the CMP. If you are saving over several years, is this surplus then at risk of claw back.

Response: With regards to clawback, that will only apply to Main School Budget, so the capital fund is not subject to clawback.

6. Proposals

6.1 A consultation with maintained schools was undertaken between 18th and 27th June 2024.

7. Appendices

7.1 None