

**Open Report on behalf of Heather Sandy, Interim Director of Education**

Report to:	<b>Lincolnshire Schools' Forum</b>
Date:	<b>10 October 2019</b>
Subject:	<b>Scheme for Financing Schools</b>

**Summary:**

The purpose of this report is to provide an update in relation to the latest publication by the DfE of its revised guidance on the Schemes for Financing Schools.

**Recommendation(s):**

Schools Forum is asked to note the content of the report.

**Background**

Schemes for Financing Schools were first introduced under the Schools Standards and Framework Act 1998. The Local Authority (LA) is required to publish a scheme for financing schools. This sets out the financial relationship between the LA and the schools it maintains. Any amendments to the schemes must be consulted on with all maintained schools and be approved by the Schools Forum. The Scheme is not relevant to academies. They have their own arrangements with the ESFA.

DfE Changes

The DfE review the scheme on an annual basis and directs LAs to amend their scheme in accordance with the DfE revisions. The LA has updated the Scheme in those instances and has reported the changes to the Schools Forum. The LA undertook a fundamental review of its Scheme compared to the DfE version and published an updated version in June 2018. On 5 February 2019, the DfE directed LAs to make further revisions to the Scheme. Details of the DfE's Scheme guidance are available at:

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

From Lincolnshire's perspective, there are no significant amendments to the Scheme, however the most relevant revisions to the Scheme from 1<sup>st</sup> April 2019 are:

- Revision of the Scheme: the Secretary of State is able to make direct revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

- Control of Assets: the scheme includes guidance on the register of assets, this has been expanded to include anything that is portable and attractive, such as a camera.
- Financial Management: within the financial management section of the scheme, the Efficiency and Value for Money section has been re-named School Resource Management. The updated School Resource Management wording is so that schools must seek to achieve "effective management of resources" rather than "achieve efficiencies".
- Purchasing, Tendering and Contract Requirements: new amendment to the scheme, schools may seek advice on a range of compliant deals via [Buying for schools](#).
- Income from lettings: scheme currently says income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. This has been expanded to state that 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.
- School loans: amendment to the guidance in relation to Loan Schemes – loans will only be used to assist schools with the procurement of items that are capital in nature, they will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.
- Charging of school budget shares: wording has been amended in relation to circumstances in which charges may be made from "other expenditure incurred to secure resignation 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."
- The Provision of Services and Facilities by the Authority from centrally retained budgets: wording amended to say the LA will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.
- Timescales for the provision of services bought back from the LA using delegated budgets – further clarification on provisions to limit the term of agreement with a school to buy services or facilities from the authority to a maximum period of 3 years, and periods not exceeding 5 years for any subsequent agreement or extension.
- Teachers' Pension: those schools not using the LA to provide their payroll services are now required to submit salary, service and pension data to the LA on a monthly (previously annual) basis.
- Insurance: scheme expanded to state that if schools choose to select an insurance provider other than the LA (and the LA offers insurance) the school may be required to demonstrate that the cover the school has arranged is at least as good as the relevant minimum cover arranged by the LA. In such cases the evidence required to demonstrate the parity of cover, should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.
- Community Facilities: amendment to the scheme under the Children and Families Act 2014, schools are no longer required to consult with the LA when establishing community facilities, nor do they have to take regard to

advice given to them by the LA. However, as a public body they are expected to consult with those affected by the decisions they make.

- The Funding Framework Main Features: wording amended regarding the outturn information the LA are required to publish, LA is no longer required to publish the balance held in respect of each school. The LA is required to publish the Section 251 budget and outturn statement but is no longer required to forward a copy to each school.
- Balances of Closing and Replacement Schools: additional section included stating what where a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the LA may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share from the closing school.
- Responsibilities for Redundancy and Early Retirement Costs: Scheme amended to say that the LA can retain a central budget to fund the costs of new early retirements or redundancies by deducting an element of maintained schools budgets, subject to approval from the relevant members of the schools forum.

The LA will publish revisions to the scheme by November 2019 – this will be accessible from the link below:

<https://www.lincolnshire.gov.uk/local-democracy/finances-and-budget/schools-financial-information/handbooks-and-guidance/scheme-for-financing-schools/131975.article>

### Next Steps

The ESFA have recently launched two consultations, upon conclusion, officers expect the ESFA to make further amendments to the Scheme which the LA will be required to replicate in its local Scheme. The consultations are:

- Financial Transparency in LA maintained schools – the consultation outlines the current financial transparency arrangements for maintained schools, and possible changes e.g. Related Party Transactions, disclosure of salaries over £100,000 etc.
- Minimum Per Pupil Funding Levels – the consultation outlines proposals to make this funding formula factor compulsory for all LAs when calculating school budgets.

Officers will review any announcements from the ESFA regarding further amendments and update the Scheme accordingly.

### **Consultation**

#### **a) Have Risks and Impact Analysis been carried out?**

No

#### **b) Risks and Impact Analysis**

N/A

### Background Papers

Document title	Where the document can be viewed
Scheme for Financing Schools – January 2016	<a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4438&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4438&amp;Ver=4</a>

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