

5 July 2018

**Item 10****TITLE OF REPORT: Directed Revisions to the Scheme for Financing Schools – Consultation Response**

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**Purpose of the Report**

This report requests that Schools Forum approves the directed revisions and general updates to Gateshead's Scheme for Financing Schools following the consultation with all Gateshead maintained schools.

**Background**

This report builds on a report brought to Schools Form 17 May 2018 (attached for information). On 22 March 2018 the Department for Education (DfE) published new statutory guidance for local authorities on the Scheme for Financing Schools. The full guidance is available on the below link.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692786/Schemes\\_for\\_financing\\_schools.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692786/Schemes_for_financing_schools.pdf)

Under sections 48 of the School Standards and Framework Act 1998 and schedule 14 to the Act, each local authority must publish a Scheme for Financing Schools. The Scheme sets out the financial relationship between the Authority and the maintained schools which it funds, it contains requirements relating to financial management and associated issues, binding on both the Authority and schools.

The directed revisions state that all maintained schools must be consulted on any updates to the Scheme, and receive approval of the members of Schools Forum representing maintained schools. The revised amendments must be published on a website accessible to the public.

The Scheme covers all Community, Voluntary Aided and Foundation schools and covers all sectors- Nursery, Primary, Secondary, PRU's and Special Schools. Academies and Free Schools are not covered by the Scheme.

The updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018. All maintained schools were e-mailed 23 May with the information presented at May's Schools Forum with a request for any comments or queries to be submitted by 10 June 2018. No comments or queries were received.

## **Proposal**

That Schools Forum notes that all maintained schools have been consulted and that no queries or comments have been received. That Schools Forum approves the directed revisions and the general updates to Gateshead's Scheme for Financing Schools so that the document can be dated and published on the Council's website.

## **Recommendations**

Schools Forum notes the that no queries or comments on the changes made to Gateshead's Scheme for Financing Schools, and approves the proposed changes.

## **For the following reason(s):**

- To ensure compliance with the Schools standards and Framework Act 1998 and schedule 14 to the Act.
- To update Gateshead's Scheme for Financing Schools with the DfE directed revisions and general updates
- To enable the updated Scheme to be published on the Council's website.

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CONTACT: Carole Smith Ext. 2747

17 May 2018

**Item 5****TITLE OF REPORT: Directed Revisions to the Scheme for Financing Schools**

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**Purpose of the Report**

This report brings to Schools Forums attention the directed revisions to Gateshead's Scheme for Financing Schools and some additional amendments due to changes in procedures and school status for review before all maintained schools are consulted on the amendments to the Scheme.

**Background**

On 22 March 2018 the Department for Education (DfE) published new statutory guidance for local authorities on the Scheme for Financing Schools. The full guidance is available on the below link.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692786/Schemes\\_for\\_financing\\_schools.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692786/Schemes_for_financing_schools.pdf)

Under sections 48 of the School Standards and Framework Act 1998 and schedule 14 to the Act, each local authority must publish a Scheme for Financing Schools. The Scheme sets out the financial relationship between the Authority and the maintained schools which it funds, it contains requirements relating to financial management and associated issues, binding on both the Authority and schools.

The directed revisions state that all maintained schools must be consulted on any updates to the Scheme, and receive approval of the members of Schools Forum representing maintained schools. The revised amendments must be published on a website accessible to the public.

The Scheme covers all Community, Voluntary Aided and Foundation schools and covers all sectors- Nursery, Primary, Secondary, PRU's and Special Schools. Academies and Free Schools are not covered by the Scheme.

The updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018.

A copy of the draft Scheme is electronically available for review.

### **Directed Revisions to the Scheme**

The main changes are summarised below:

#### **Mandatory inclusions in the Scheme of:**

4.9 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 exceeded 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.

### **Updates to the Guidance**

4.7 Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

Annex B: Responsibility for redundancy and early retirement costs has been updated to reflect changes under Schedule 2 part 7, of the Finance Regulations. This details how a local authority can retain a central budget within the school's budget to fund the cost of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

2.3.1 Removal of wording as regulations no longer allow local authorities to issue budget shares for a multi-year period. This is not required for Gateshead's Scheme.

2.7 Removal of references to the Audit Commission as this organisation has been abolished, and update form Audit and Accounts Regulations 2015 to the Local Audit and Accountability Act 2014.

6.2.15 Statement of SEN has been replaced with Education Health and Care Plan (EHCP).

6.2.20 Costs incurred by the authority in administering admissions appeals, where the authority and the funding for admissions appeals has been delegated to all schools as part of their formula allocation.

## **Other Revisions**

1.1 Updates to the funding framework sections to aid clarity

2.9 Audit of Voluntary or Private Funds – the addition of private funds to the text.

2.15 Capital Spending from Budget Shares – wording update to clarify the responsibilities of voluntary aided schools.

3. Instalments of the Budget Share, Banking arrangements – updated to state that the authority has fully adopted the CIPFA code of Practice for Treasury Management 2017.

3.1 Frequency of Instalments – wording updated to aid clarity

3.4 Budget Shares for Closing Schools – inserted section as per standard text.

3.7.1 School Payment Cards has been amended to the Gateshead Purchasing Card

5.1 Income from Lettings – updated wording to clarify letting arrangements for PFI/PPP schools

5.4 Income from the Sale of Assets – Updated wording to add clarity

6.2.20 Inserted wording as per standard text

The following Schools have been deleted from Appendix A of the Scheme following conversion to Academy Status:

- Pupil Referral Unit (Pru)
  - Heworth Grange
- Other Schools that convert will be deleted from the Scheme as they transfer.

- The Scheme and the dates of any amendments will be amended and will be published on Gateshead Councils Website.

### **Proposal**

That Schools Forum reviews the draft Scheme prior to all maintained schools being consulted on the revised Scheme.

### **Recommendations**

Schools Forum is asked to review the changes to the Scheme for Financing Schools prior to the Scheme being sent out to all maintained schools.

#### **For the following reason(s):**

- To provide Schools Forum with an opportunity to comment on the Scheme prior to consultation with all maintained schools.
- To ensure compliance with the Schools standards and Framework Act 1998 and schedule 14 to the Act.

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