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**Meeting:** Schools Forum  
**Date:** 24<sup>th</sup> January 2011  
**Subject:** Revision to the Scheme for Financing Schools  
**Report of:** Deputy Chief Executive and Director of Children's Services  
**Summary:** To update and make recommendations following the recent consultation on a proposed revision to the Scheme for Financing Schools regarding the removal of the centrally funded bank status and to note a new consultation following revised DfE guidance.

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Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

#### **RECOMMENDATIONS:**

- 1. That the proposed change to the Scheme for Financing Schools is approved removing the option of being centrally funded for April 2011.**
- 2. To note the new consultation with Headteachers and Governing Bodies following revised DfE guidance published December 2010.**

#### **Background**

1. The Scheme for Financing Schools sets out the financial relationship between the authority and the maintained schools which it funds. It is based on the legislative provisions in Section 45-53 of the Schools Standards and Framework Act 1998 and the Schools Finance Regulations 2008. It is a requirement to consult with Headteachers & Governors of all maintained schools before proposals to revisions to the Scheme are submitted to the Schools Forum for approval.
2. Central Bedfordshire Council's Scheme for Financing Schools currently gives schools the choice of banking arrangements subject to the approval of the Section 151 Officer.
3. A consultation took place in November regarding the proposed removal of the choice of bank accounts effectively requiring all schools to be Fully Funded from April 2011. A letter was sent to all schools on 11<sup>th</sup> November 2010 and also posted on the Schools website informing them of the proposed change. Responses to the consultation were requested by the 15<sup>th</sup> December. A copy of the letter is attached at Appendix A.

## Update

4. 22 of the 89 Centrally Funded schools (24%) responded along with a joint response from a group of headteachers from small schools in the Dunstable area.

A table of the responses received is as follows:-

	Total Schools	Number of Centrally Funded Schools	Total Responses	% of Schools Responded
Nursery	4	4	2	50%
Lower	94	68	17	25%
Middle	24	11	1	0.1%
Upper	9	1	0	0%
Special	5	5	2	40%
<b>Total</b>	<b>136</b>	<b>89</b>	<b>22</b>	<b>24%</b>

5. The responses from both the middle and special schools were in favour of the proposal, although the special schools were concerned on the proposed date of conversion of April 2011.
6. A summary of the issues raised by Schools are listed below:
- Additional software resources schools would be required. How it will be funded. (Only applies to one school)
  - What training and support would be available from the local authority. How it will be funded
  - Lack of capacity and current skills of office staff to take on the additional roles and responsibilities. One lower school extended the lack of expertise to the head teacher and governing body.
  - The potential costs that would be transferred to schools and the negative effect on their budgets to absorb these additional costs.
  - Some Schools were understanding of the need for change but concerned on the conversion date.
  - Schools questioned the local authority's understanding of the burden and pressures this decision would place on schools and their tight budget settlements for 2011/12 .
  - Funds diverted away from teaching to fund a bureaucratic structure.
  - One School offered an alternative suggestion that schools be allowed to remain centrally funded and be charged a fee for so doing to cover the cost of continuing to employ a School Financial Adviser.
  - Schools with agreed licensed deficits were concerned about the impact on their recovery of having to pay interest on loans.
7. Although concerns have been raised and noted, in line with the Government agenda that schools are best placed to make their own decisions and more schools seeking academy status, the local authority would wish to proceed with the removal of centrally funded status from the Scheme for Financing Schools.

## Revised Guidance Issued December 2010 for April 2011 implementation

8. In December 2010 the DfE published revised guidance on local authority Scheme for Financing Schools. In accordance with the requirement to

consult with all Headteachers and Governors of all maintained schools before proposals to revisions are submitted to the Schools Forum for approval, a letter has been sent to schools advising them of the proposed revisions. A copy is attached at Appendix B.

9. The main changes include:

- Schools must be allowed to opt out of local authority contracts
- Removal of FMSiS
- Encouragement of Schools use of Procurement cards
- No requirement for a clawback mechanism for excessive reserves and local authorities should consider relaxing existing mechanisms
- Maximum length of deficit 3 years
- Inclusion of guidance relating to how costs of redundancies and early retirements should be funded

10. The 2002 Education Act indicates that the cost of redundancies should normally fall to the LA while the cost of premature retirement should normally fall to the school's delegated budget. There can be locally determined exceptions with the School Forum agreement and currently budget led redundancies and early retirements are funded from School Contingency.

11. A copy of the letter and the proposed Scheme with tracked changes will be available on the schools website.

12. A report will be brought to the Schools Forum on 7<sup>th</sup> March 2011 with proposed changes following the schools feedback from the consultation.

### **Recommendation**

13. That all schools be fully funded from 1<sup>st</sup> April 2011.

14. That the Schools Forum note the current consultation with proposals to be brought back to the March 7<sup>th</sup> 2011 meeting.

### **Appendices:**

Appendix A – Consultation letter sent to all schools in November 2010.

Appendix B – Consultation letter sent to all schools in January 2011