
Meeting: Schools Forum
Date: 21 September 2015
Subject: Revisions to the Scheme for Financing Schools
Report of: Director of Children's Services
Summary: To note the Directed revisions to the Scheme for Financing Schools and approve the LA proposed revisions to the Scheme for Financing Schools.

Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To adopt the amendments to the Central Bedfordshire's Scheme for Financing Schools in line with the Department for Education (DfE) directed Revisions.**
- 2. To approve the LA proposed amendments to Central Bedfordshire's Scheme for Financing Schools.**
- 3. To note that the Scheme has been amended numerically to align with the Department for Education's statutory guidance for LA's.**
- 4. To approve the LA proposed amendments to Central Bedfordshire's Asset Loan Scheme.**

Background

1. The Scheme for Financing Schools sets out the financial relationship between the authority and the schools which it maintains. It is based on the legislative provisions in Section 45-53 of the Schools Standards and Framework Act 1998 and The School and Early Years Finance (England) Regulations 2014.
2. DfE directed revisions to the scheme are not subject to consultation with Schools Governing bodies or head teachers, however they do need to be submitted to the schools forum for their approval. The authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.
3. Any other LA proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the Authority before they are submitted to the schools forum for their approval.

4. The LA as a minimum must publish the scheme on a website which is accessible to the general public and that any revised versions must be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date. A revised scheme with track changes will be available on the Schools website.

Update

The DfE directed revisions

5. The DfE are considering two directed revisions to the scheme for financing schools. The first revision relates to the business interests of governors of maintained schools (section 2.9 of the Scheme). Second revision is to give clarity on borrowing powers for schools (section 3.6 of the Scheme).
6. These amendments are as follows:
 - *Section 2.9 Register of business interest:*
The directed revision requires the addition of: “Details of any other educational establishments that they govern, any relationship between school staff and members of the governing body” and “The governing body should keep the register up to date and publish the register on a publicly accessible website”.
 - *Section 3.6 Borrowing by schools:*
The directed revision requires the addition of: “The Secretary of State’s general position is that schools will only be granted permission for borrowing in exceptional circumstances” and “Schools are permitted to use any scheme that the Secretary of State has said is available to schools without specific approval (i.e. Salix scheme)”.

The LA proposed amendments

7. The consultation took place from 22 June to 17 July 2015 regarding proposed changes. A letter was sent to all schools on 19 July 2015 and also posted on the Schools learning portal informing them of the proposals.
8. Proposed LA amendments are as follows:
 - *Section 2.3 Submission of budget plans*
Change the deadline for budget submission from 31 May to 1st May.
 - *Section 2.10 Purchasing, Tendering and Contracting Requirements add:*
“For contracts over £60,000 schools should seek LA’s Procurement personnel countersignature”.
 - *Section 4.2 Control and Surplus Balances – reference to uncommitted balances add:*
“The LA will monitor schools that have build up significant uncommitted balances, and challenge schools seeking reasons for holding these balances”.
 - *Section 4.9 Licensed Deficit – amend the rate of interest charged;*
Form “7 day London Interbank Bid Rate” to “Bank of England Base Rate”
9. There were 16 responses received from an audience of 87 schools, of which 12 were Lower Schools, 3 Middle and 1 Upper. Out of 16 responses 14 disagreed with the proposal to change the required budget submission date.

10. The LA proposes that the change to the submission date stands:
- The Schools and Early Years Finance Regulation have been amended periodically requiring LAs to issues budget shares to Schools earlier – Prior to 2012/13 required no later than 31st March, 12/13 and 13/14 no later than 15 March, reviewed again 2014/15 requiring LAs to determine the budget share no later than 27 February. The LA over this period has not changed the current 31st May deadline to submit an approved budget to the LA.

Amendments to align with the DfE statutory guidance

11. The opportunity has been taken to align Central Bedfordshire Council's Scheme to the DfE statutory guidance for local authorities. The main changes are:
- *Section 1.4 Revision of the Scheme:*
Amend from: "Should the school forum not approve the modification the LA may apply to the Secretary of State for approval" to "Should the Schools Forum not approve proposed provisions or approves them subject to modifications which are not acceptable to the LA, the LA may apply to the Secretary of State for approval".
 - *Section 2.6 Audit: General:*
Update reference to audit regulations: "Accounts and Audit Regulation 1996" to "Accounts and Audit Regulations 2015."
 - *Section 2.14 Capital Spending from budget share:*
Update the time limit that DFC should be spend from "three and half years" to "three years".
 - *Section 2.16 Schools Financial Value Standard (SFVS)*
Amend to: "All maintained schools with a delegated budget must submit the form to the local authority annually before 31 March".
 - *Section 6.2.3 (Charging of schools budget share) Circumstances in which charges may be made*
Add "Where the authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position".
 - *Section 13 Community Facilities - paragraph 13.11*
Add "Financial information relating to community facilities must be included in the returns made by schools under the Consistent Financial reporting Framework (CFR)".
 - *Section 13.23 (Community Facilities) banking*
Add "Schools are reminded that they may not borrow money without the written consent of the Secretary of State, though this requirement does not apply to monies lent to schools by the LA under Asset Loan Scheme (section 4.10)".

Asset Loan Scheme

12. The LA is proposing the make amendments to the Asset Loan Scheme (Appendix A). The rational for these amendments is to enhance the assessment criteria for asset loans and add clarity on the affordability of such loans. The LA is proposing to apply a number of checks to assess the projects and the ability of the school to be able to afford the repayments of the loan.

Appendices:

Appendix A – Asset Loan Scheme with track-changes