

**Agenda Item: 8**

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**Meeting:** Schools Forum

**Date:** 29 June 2009

**Subject:** **Revision to Scheme for Financing Schools and Fully Funded Bank Account Scheme**

**Report of:** **Deputy Chief Executive and Director of Children, Families and Learning**

**Summary:** To formally consult on the revision to the Fully Funded Bank Account and Scheme for Financing Schools.

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Contact Officer: Dawn Hill, Borough Hall, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency (if appropriate) -

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**RECOMMENDATION:**

- 1. To consult with Headteachers and Governing bodies on the revision of dates for Fully Funded Schools Financial Returns and amendments to the Scheme for Financing Schools.**

**Proposed Changes to the Scheme for Financing Schools**

1. The Fully Funded Bank Account Scheme currently requires updates for actual expenditure and revised budget to be received by the Local Authority (LA) by the 20th of each month for monthly returning schools and the 20th of each quarter end for quarterly returning schools.
2. The SAP period close is normally around the 5th/6th of the following month and year end timetables are set annually, corporately.
3. There is insufficient time for the returns to be reviewed and challenged in the current short time frame from receipt to monthly closure, especially at year end.

4. This was not an issue until the financial year 2008/09, where Fully Funded Schools increased from 21 to 75. There are currently 48 Fully Funded Schools in Central Bedfordshire.
5. The timing of receipt of returns (for the period Sept – March) have been analysed and attached (Appendix A). Schools were requested to send the year end returns by the 10<sup>th</sup> to enable the LA to meet the timetable – 55% of schools were able to meet this deadline.
6. **Proposal: Revise the due date for monthly/quarterly financial returns to the 10<sup>th</sup> of each month.**
7. There is need for clarity on the Governing Body of Schools responsibilities in respect of the submission and approval of the School Budget Plan:
  - The Scheme for Financing Schools (April 2008 – March 2011) page 13 paragraph 2.11 states *'Each school is required to submit a budget plan approved by the Governing Body to the authority no later than 31 May of each year.'*
  - Financial Regulations for Schools page 7 paragraph 35 states *'Each school is required to submit a multi year budget plan, approved and minuted by the Governing Body, to the Authority no later than 31<sup>st</sup> May of each year.'* And page 10 paragraph 58 states *'The Governing Body is responsible for approving the School's Budget Plan prior to its submission to the Director of Human and Financial Resources. Other financial responsibilities may be delegated to a sub committee'*.
8. The submission of the initial budget plan must be approved by the Full Governing Body each year. (Governing Body's are able to delegate financial responsibilities to a sub committee and if the terms of reference state finance committee may receive and approve subsequent virements during the financial year).
9. Comments have been received by schools that the above paragraphs in the scheme and financial regulations do not clearly state 'Full Governing Body and could be misinterpreted and the task of initial budget approval delegated to a committee.
10. **Proposal: Inserting the word 'Full' before Governing Body in each paragraph would clarify this.**
11. VA Schools 10% contribution from Revenue for Capital purposes. Schools as a matter of course have been transferring the contribution at the beginning of the financial year regardless of whether a project is taking place. Direction has been received from the Department for Children, Schools and Families (DCSF) Value for Money Unit that *'Revenue surpluses remain revenue until they are spent'*.
12. **Proposal: To insert a paragraph to add clarity to this transfer.**

13. Schools in Licensed Deficit are required as part of the agreement, to submit monthly monitoring reports. Section 4.10. No date currently exists for the receipts of these reports.
14. **Proposal: To require the reports to be received by the 20<sup>th</sup> of the following month.**
15. The Scheme has been generally updated to take account of Unitary status, Job Titles, Address, Revised appendix 'Earmarked Funds', List of Schools and Type.
16. **Proposal: To accept general updating changes.**

**Appendices:**

Appendix A - Analysis of Schedule of Returns 08/09

Appendix B - Extract from Fully Funded Bank Account Scheme (Table A and B) – Timetable for submission of Financial Monitoring Returns

Appendix C - Extracts Financial Regulations

Appendix D - Scheme for Financing Schools – tracked proposed changes