



Schools Forum

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Venue: Shrewsbury
Training and Development
Centre

Paper

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Public

Scheme for the Financing of Schools Revisions

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Summary

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.

The Department for Education (DfE) published statutory guidance for local authorities on schemes for financing schools in March 2018. The latest guidance includes a directed revision and updates as detailed within this report.

Recommendation

This report is for information only.

REPORT

1. Statutory guidance from the Department for Education for local authorities on schemes for financing schools was published in March 2018. It relates to Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act. Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The guidance lists the provisions which a local authority's scheme should or may include.

Directed Revision

2. The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties. Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England:
3. *'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 exceed 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. Updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018.
5. Paragraph 4.8 has been updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9). 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.
6. 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 schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school only, where the relevant maintained school members of the schools forum agree.
7. Additional updates made include the removal of wording in paragraph 2.3.1, as regulations no longer allow local authorities to issue budget shares for a multi-year period.
8. References to the Audit Commission have been removed from paragraph 2.6, as this has been abolished.
9. Within paragraph 6.2.15, 'statement of SEN' has been replaced with 'Education Health and Care Plan (EHCP)'.

Shropshire's Scheme for Financing Schools

10. Shropshire's scheme for financing schools is available to maintained schools via the Learning Gateway. The latest version will be updated with the directed revision and in relation to the updates to the guidance.