

South Gloucestershire Council

Schools Forum

4 July 2024

Scheme for the financing of schools – DfE directed changes

1. Purpose

To update South Gloucestershire Schools Forum on any directed changes to the Scheme for the Financing of Schools and its application to schools maintained by South Gloucestershire Council.

2. Summary

There are no directed changes for 2024 but a number of changes designed to improve the document and to reflect current policy positions and changes in legislation have been issued.

3. Background

Local authorities are required to publish a Scheme for the Financing of Schools. The scheme sets out the financial relationship between the local authority and the schools they maintain. The DfE publishes statutory guidance on what must be contained in the Scheme for the Financing of Schools and may make directed revisions, requiring local authorities to make changes.

4. Summary of Scheme Changes

The DfE has made no directed revisions for issue 16, details of earlier directed revisions are provided in Annexe C of the Scheme for Financing Schools.

5. Changes that have occurred within the scheme to improve document or reflect current policy positions and changes in legislation:

| Scheme Ref | Description | Change |
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| 1.1 | Introduction | Updated the Introduction to include: References throughout this document to “the Act” means the School Standards and Framework Act 1998; “the authority” means the local authority; and “the Regulations” means the School Finance and Early Years (England) Regulations 2020 made under the Act. Document amended to follow above references. Introduction heading changed to ‘The Funding Framework’ Added: |

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| | | <p><i>(the centrally retained expenditure).</i></p> <p>Removed: <i>Regulations also require the local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.</i></p> <p>Replaced with: <i>Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained, and funding delegated to schools. After each financial year the authority must publish a statement showing outturn expenditure.</i></p> <p><i>The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.</i></p> <p><i>A copy of each year's budget and outturn statement should be made easily accessible to all schools.</i></p> <p><i>Regulations also require the authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.</i></p> |
| 1.4 | Revision of Scheme | <p>Added: <i>There are no new directed revisions contained in the April 2024 update of the Scheme statutory guidance (update 16).</i></p> <p><i>Details of earlier directed revisions are provided at Annexe C</i></p> |
| 1.5 | Delegation of Powers to the Headteacher | <p>Removed: <i>Any subsequent revisions should be similarly recorded.</i></p> <p>Replaced with: <i>and any revisions</i></p> <p>Removed: <i>The first formal budget plan of each year must be considered and approved by the Governing Body.</i></p> <p>Replaced with: <i>The conduct of each maintained school is under the direction of its Governing Body. The Governing Body sets the broad strategy for the school's development and is responsible for the school's delegated budget and the school's annual budget plan. In general, the Governing Body will look to the Headteacher to lead and manage the school, in accordance with the priorities as set out in the annual budget plan. The formal budget plan for each financial year must be approved</i></p> |

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| | | <i>by the full Governing Body or by a committee of the Governing Body.</i> |
| 2.1.2 | Provision of Financial Information and Reports | Added: <i>This is different from a requirement for annual budget plans (see section 2.3).</i> |
| 2.3.1 | Submission of Financial Forecasts | Removed: <i>The authority may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year e.g. a school with a deficit budget situation.</i> Replaced with: <i>Each school must submit a 3-year budget forecast each year, at a date determined by the authority between 1 May and 30 June.</i> <i>The Authority will consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance: they could be used as evidence to support the authority's assessment of Schools Financial Value Standards and/or used in support of the authority's balance control mechanism.</i> |
| 2.4 | School Resource Management | Added: <i>There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.</i> |
| 2.8 | Audit of Voluntary and Private Funds | Added: <i>A school that does not comply with this requirement is in breach of the scheme and the authority can take action on that basis.</i> |
| 2.15 | Notice of Concern | Added: <i>Where a dispute, between the Local Authority and the school it is issuing a notice to, regarding any aspect of the notice arises, it will be taken to the Chair of the South Gloucestershire Schools Forum and Chairs of the Forum Sub Groups for resolution.</i> |
| 3.6 | Borrowing by schools | Added: <i>The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent. The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it</i> |

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| | | <i>remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances.</i> |
| 3.6 | Borrowing by schools | Optional but not added: <i>Schemes may also wish to permit the use of credit or charge cards. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis.</i> |
| 4.8 | Balances of closing and replacement schools | Revised: <i>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, the 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 forward from previous funding periods) of the closing school for the funding period in which it closes.</i> Added: <i>The arrangements for maintained schools converting to academies under the Academies Act 2010 specify that the final balance of the predecessor school will, when agreed by the Authority, transfer to the academy whether surplus or deficit.</i> |

6. Recommendations

Members of the Forum are asked to note the changes, nothing to be agreed.

Author

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