

WESTMINSTER CITY COUNCIL
SCHOOLS' FORUM – 14th OCTOBER 2019
REPORT BY LEAD STRATEGIC FINANCE MANAGER – CHILDREN'S
SCHEME FOR FINANCING SCHOOLS

Purpose of the report

This report sets out the outcome of the recent consultation with schools on key changes to the Authority's Scheme for Financing Schools to reflect policy positions set out in DfE guidance released in February 2019 (issue 10) and provides an update on the outcome of the consultation with schools following changes proposed to Schools Forum in June 2019.

FOR INFORMATION

1 Introduction

- 1.1 The Scheme for Financing Schools (the "policy") sets out the financial relationship between the Local Authority and the maintained schools that it funds. It contains requirements relating to the financial management of its schools.
- 1.2 In making any changes to their schemes, local authorities must consult all maintained schools and receive approval of the Schools Forum representing maintained schools.
- 1.3 In addition, the Secretary of State may by direction revise the whole or any part of the scheme from the date specified in the directive. To make a directed revision to schemes, the Secretary of State is required to consult the relevant local authorities and other interested parties.
- 1.4 The policy containing updates proposed is compliant with DfE guidance and the Authority's financial regulations.

2 Policy Changes and Updates

- 2.1 The current Scheme for Financing Schools was last updated in March 2019 after presentation to Schools Forum in October 2018 and following subsequent consultation with schools.
- 2.2 As a result of new guidance released by the DfE in February 2019 (issue 10) a number of updates were proposed to reflect current policy positions. These changes are set out again below.

Scheme Updates
Section 1.1: removed advice that an authority must publish a statement showing outturn expenditure “at both central level and for each school, and balances held in respect of each school”. Also removed advice that each school must receive a copy of each year’s budget and outturn statements so far as they relate to that school or central expenditure.
Paragraph 1.4: added “It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction”
Paragraph 2.1.4: added “Schools are encouraged to register anything that is portable and attractive, such as a camera”
Paragraph 2.4: changed title from “Efficiency and Value for Money” to “School Resource Management”
Paragraph 2.4: changed wording, including a change from “achieve efficiencies” to “effective management of resources”
Paragraph 2.9: added “The register should be kept up to date with notification of changes and through annual review of entries. The register must be made available for inspection by governors, staff, parents and the authority, and it must be published on a publicly accessible website, for example the school’s website.”
Paragraph 2.10: added “Schools may seek advice on a range of compliant deals via Buying for schools ”
Paragraph 2.14: removed generic references to legislation “School Premises Regulations and DfE Construction Standards, and health and safety legislation”, added references to specific legislation.
Paragraph 2.16: removed advice that all maintained schools with a delegated budget must submit the schools’ financial value standard form before 31 March 2013 and annually thereafter; replaced with advice that the form must be submitted to the local authority before the end of the financial year.
Paragraph 5.1: added “However, where land is held by a charitable trust, it will be for the school’s trustees to determine the use of any income generated by the land”
Paragraph 6.2.2: changed “Other expenditure incurred to secure resignations where the school had not followed authority advice” to “Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B)”
Paragraph 8.1: changed wording so that contains a provision barring the authority from discriminating in its provision of services on the basis of categories of schools, except in cases where this would be allowable under the school and

early years finance regulations or the dedicated schools grant (DSG) conditions of grant
Paragraph 8.4: revised quoted legislation and updated expectation of monthly not annual returns
Paragraph 10.1: added “The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier”
Section 13: updated to reflect changes to the Children and Families Act 2014; a school is no longer required to consult before establishing community facilities, and there is no longer a need for a school to be mindful of a local authority’s advice, under section 27 of the Education Act 2002.

2.3 Four further changes to the policy were also proposed and are set out below. The reason for each change is set out after each statement, and agreement to consult with schools was given at the June meeting.

Ref	Change from the March 2019 Scheme
2.1.2	Provision of financial information and reports: Schools with licensed deficit recovery plans are required to report monthly on the above – by the 5th working day following the given month. <i>New text</i>
3.2	Proportion of budget share payable at each instalment: Schools will receive delegated budget share payments in four equal instalments, paid quarterly in April (25%), July (25%), October (25%) and January (25%). <i>Updated text for clarity. No change to payment schedule.</i> The Early Years National Funding Formula (EYNFF) budget share will be paid on a termly basis. Settings will receive two payments per term – one advance payment, and a second adjusting payment based on actuals in accordance with census data. <i>Updated text. No change to payment schedule.</i>
4.1	Right to carry forward surplus balances: Good practice note removed as no longer included in DfE guidance
4.2	Control on surplus balances: Schools will be required to report to the authority annually on the purposes for which any surplus balances over 5% (for secondary schools) and 8% (for nursery, primary and special schools) of their budget share are held. The LA has regard to the principle that schools should be moving towards greater autonomy and schools are therefore not constrained from making early efficiencies to support medium-term budgeting. Schools however must not build up significant excessive, uncommitted balances and it should be noted that funding is delegated to ensure provision for pupils on roll in the current period and should not be retained in surpluses without

Ref	Change from the March 2019 Scheme
	good reason. <i>Updated text</i>

3 Consultation

- 3.1 In accordance with the provision set out in 1.4 of the Scheme and DfE guidance, “any proposed revisions to the Scheme will be the subject of consultation with the governing body and the headteacher of every school maintained by the Authority, before they are submitted to the Schools Forum for their approval”.
- 3.2 All schools were consulted on the DfE’s policy changes and updates, and no responses were received. These will now be fully incorporated, and the Scheme will be updated to reflect this.
- 3.3 Schools were also consulted on the changes set out in paragraph 2.3 above. No responses were received in relation to these changes.
- 3.4 General feedback was received in relation to the requirement for schools to submit returns by the 5th working day of the month – particularly when this date falls after a holiday.
- 3.5 The 5th working day deadline provides the time needed to process returns received from schools in advance of the LA’s corporate deadlines, and a lot of time is spent liaising with schools after this deadline date to ensure information reported is accurate and complete. Proactive improvements are being made, and changes will be implemented in stages, e.g. updating the format of return templates so they are more concise and easier to complete and reviewing the requirement for data collected. This should make the deadline more achievable.
- 3.6 A request was also made for budget share payments to be made at the beginning of the week prior to the new quarter – as opposed to the beginning of the first week of the new quarter (as is current practice) to avoid the increasing number of requests being made for cash advances. This is under review and the wider benefits as well as any potential implications for all schools and the Council that might result from changes to cash flow and the mechanism for reporting this are being considered. A further update will be provided at the January 2020 meeting.

4 Schools Financial Procedures

- 4.1 Schools Financial Procedures (the “procedures”) sit alongside the Scheme for Financing Schools. The aim of these procedures is to set out in greater detail the mechanisms by which the Scheme will be enforced, and the procedures schools should seek to follow in ensuring they are compliant with the

Authority's financial policies. Schools should therefore refer to and be guided by both documents to inform all financial decision making.

5 Recommendations

5.1 Schools Forum is asked to:

- note the new DfE policy positions set out in 2.2 to be included in the updated Scheme;
- note the changes proposed in 2.3 on which schools have now been consulted, and the inclusion of these in the updated Scheme;
- note the request to bring forward the budget share payment date so this is made in advance of the new quarter, and the proposal to feedback on this in January 2020, following a review (paragraph 3.6).

Anita Stokes

Lead Strategic Finance Manager (Bi-Borough Children's Services)

Sarah Newman

Acting Bi-Borough Executive Director of Children's Services

Contact officer:

Amanda Anerville, Senior Finance Manager – Bi-Borough Schools & Education

Tel: 020 7641 6364 **E-mail:** aanerville@westminster.gov.uk

Background Papers

Department for Education: Statutory guidance for local authorities on Schemes for Financing Schools:

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools#keychanges>

Annexes

- Annex A – Scheme for Financing Schools (October 2019)