CITY OF WESTMINSTER

SCHOOLS' FORUM 28th MARCH 2022 REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES

SCHEME FOR FINANCING SCHOOLS

Purpose of the report

This report sets out a recommendation on a proposed change to the current policy following a consultation with Schools.

FOR DECISION

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 The proposed policy in <u>Annex B</u> of this report is compliant with DfE guidance and the Authority's financial regulations.

2 Policy Updates for Consideration

- 2.1 The current Scheme for Financing Schools was last updated in January 2021 after presentation to Schools Forum.
- 2.2 Following a consultation with schools in February, two further changes to the policy are proposed as detailed below.
- 2.3 A revision to the deadline for submission of the 3-year budget forecast is proposed to ensure any budgetary issues and support requirements are picked up as early as possible in the financial year. If approved, this revision is suggested to take effect from the 2023/24 financial year to allow Schools to align schedules with Governors and ensure that it supports meeting the earlier deadline.
- 2.4 A revision to the frequency of budget share payments to schools from 4 equal quarterly payments to 3 termly payments split 40/35/25. If approved, the change in frequency of payments is suggested to take effect from the 2022/23 financial year.

Paragraph	Change from January 2021 Scheme
2.3	Submission of financial forecasts
	For Westminster City Council, it is proposed that the previously agreed date of 31 st May (or last working day of May) is revised to 1 st May (or first working day of May).
	The budget forecasts are used to confirm effective financial planning and identify schools which need to review their costs
	Current:
	Schools are required to submit a budget plan to the Authority by 31
	May (or the last working day of May) each year. The school's budget
	plan must be approved and signed by the governing body (or a
	committee of the governing body).
	Proposed:
	From financial year 2023/24, Schools are required to submit a 3-year
	budget plan to the Authority by 1 May (or the first working day of May)
	each year. The school's budget plan must be approved and signed by
	the governing body (or a committee of the governing body).
3.1 & 3.2	Frequency of budget share instalments
	The proposal is to make budget share payments to schools on a termly basis split 40/35/25. This is expected to improve cash flow for schools and reduce the number of cash advance requests.
	Current:
	Schools will receive delegated budget share payments in four equal
	instalments, paid quarterly in April (25%), July (25%), October (25%)
	and January (25%).
	Proposed:
	Schools will receive delegated budget share payments in three termly
	instalments, paid in April (40%), September (35%) and January (25%).

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 At the January Schools Forum, members approved the updated Scheme to be consulted on with all maintained schools and the Local Authority ran the consultation in February.
- 3.3 Following a reminder, only two schools responded to the consultation; both were in full support of the proposed change to the frequency of budget share payments though noted that budgets would need to be sent out in a timely manner in order to meet the proposed 3-year budget submission deadline.
- 3.4 To support schools in meeting the earlier deadline, the Local Authority will provide draft budgets following approval at January Forum with a caveat that this is subject to change following formal approval of the APT by the ESFA.

4 Recommendations

- 4.1 Schools Forum is asked to:
 - Approve the proposal to revise the deadline for submission of the 3year budget forecast from the last working day of May to the first working day of May with effect from the 2023/24 financial year.
 - Approve the revision to the frequency of budget share payments to schools from 4 equal quarterly payments to 3 termly payments split 40/35/25 with effect from the 2022/23 financial year.

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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

Annexes

- Annex A Current Scheme for Financing Schools
- Annex B Proposed Scheme for Financing Schools