



Report to: Schools Forum

Date of Meeting(s): 18th March 2021

Subject: Scheme for Financing Schools update

Report of: Colette Dutton – Director Children and Families

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Summary: To provide information on updates to the Scheme for Financing Schools.

Recommendation(s): For members of maintained schools to agree to the proposed changes to the scheme.

Implications:

*What are the **financial** implications?* N/A

*What are the **staffing** implications?* N/A

Risks: n/a

Please list any appendices:-

Appendix 1 – Scheme for Financing Schools

1. Introduction

- 1.1 The Scheme for Financing Schools sets out the financial relationship between the local authority and the maintained schools which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the local authority and on the schools.
- 1.2 Any proposed revisions to the scheme are required to be presented at Schools Forum, for approval by members representing maintained schools. The purpose of this report is to summarise the proposed updates to the Local Scheme (including directed revisions from the Secretary of State).

2. Scheme for Financing Schools updates

- 2.1 The revised Scheme for Financing Schools has been included in full in Appendix 1 of this report. Outlined below are the key changes made to the scheme and the reasons for these changes:
- **2.3.1 Submission of Multi Year Budgets** – This paragraph has been revised to reflect that schools must submit a 3-year budget forecast between 1st May and 30th June each year.

A directed revision has been made to the Scheme following the consultation on financial transparency last year making this a mandatory requirement. Our local scheme already included a provision for the submission of multi-year budgets but now reflects the wording and required timescales of the directed revision.
 - **2.10 Purchasing, tendering, and contracting requirements** – This paragraph previously made reference to the use of approved supplier lists maintained by the Local Authority. The LA no longer maintains such lists and therefore the scheme has been amended to reflect this.
 - **3.7.1 Leasing Arrangements** – The Council has appointed a preferred partner for arranging equipment leases on behalf of schools. The wording of the provision has been updated to reflect this arrangement.
 - **4.2 Reporting on and control of the use of surplus balances** – Whilst the scheme referenced that surplus balance clawback mechanisms had been suspended in 2011, the Scheme still included, in full, details of the original policy on clawback. This has been removed as it is no longer considered relevant.

The scheme does, however, still highlight that the LA retains the right to re-introduce a clawback scheme. In such circumstances a new

policy would be developed in consultation with Schools Forum to control excessive uncommitted balances.

- **4.5 Planning for deficit budgets** – This paragraph has been updated to capture details of the mandatory requirement for all schools with a deficit in excess of 5% to submit a recovery plan.

This is a directed revision following the consultation on financial transparency. In Wigan we currently require all schools entering a deficit position to submit a recovery plan in accordance with our Licensed Deficit Scheme. We will continue to apply this principal, and this is still reflected in the Scheme.

- **10.1 Insurance cover** – The model Scheme for Financing Schools published by the DfE has been updated to reflect that maintained schools may, individually or collectively, join the Secretary of State's Risk Protection Arrangement (RPA).

Our Local Scheme has been updated to reflect the wording of the model scheme on this issue.

- **Section 13, 2.1 - Requirement to consult the LA (on provision of Community Facilities)** – This paragraph has been updated to reflect changes in the Children and Families Act 2014, meaning that schools no longer need to consult with the LA when establishing community facilities, however, it is expected schools will act reasonably and consult with those affected by decisions. This is in line with the model Scheme.
- **Annex 2 – Scheme of Delegation for repairs and maintenance** – The threshold at which expenditure is considered capital in nature has been amended from £6,000 to £10,000. This is to align with the LA's definition of capital (as required under section 12 of the scheme) which includes a de-minimis limit for capital expenditure of £10,000.

3. Recommendations

- 3.1 To review details of the updates, and for forum members representing maintained schools to agree the proposed revised Scheme for Financing Schools.