

## **Scheme for Financing Schools – Summary of Changes**

**Estimated Scheme publication date: January 2014**

### **Consultation Period - Autumn Term 2013**

- During the Summer term 2013 a general update of the Scheme for Financing Schools has taken place. This update takes into account the statutory guidance released by the DfE to Local Authorities in March 2013 and a number of local amendments.

#### **1. General**

- The scheme applies to all community, nursery, voluntary, foundation, community special, foundation special schools and PRU's maintained by the Authority. Therefore all references throughout the document referring to schools apply to the above establishments.

#### **2. Section 2 - Financial Controls**

- The list of authorised financial institutions has been updated based in respect of bank and building society financial ratings and the Royal Bank of Scotland has now been removed from this listing.
- A section has been added to the scheme requiring each school to submit a multi year budget forecast to the authority by the 31 July each year.
- The efficiency and value for money section has been expanded reflecting the Government's emphasis on Heads and Governors to determine at school level how to best secure value for money and the benchmarking schools should be undertaking.
- The payment of salaries; payment of bills section has been updated to include the required standards a school would need to adhere to if the governing body wishes to enter into any arrangement or agreement with a person other than the Authority to provide payroll services.
- Schools converting to Academy status may be required to submit monthly financial outturn reports to the Local Authority for fixed period of time prior to conversion. This is to fulfil external audit requirements.

#### **3. Section 3 - Instalments of Budget Share and Banking Arrangements**

- Sections with references to the calculation of interest have been updated to reflect the interest rates applied:
  - The Council's General Fund Borrowing Rate prevailing at the time for equal pay interest calculations.

- The Council's General Fund Borrowing Rate prevailing at the time for interest calculations relating to in year deficits.
- The 5 year Public Works Loan Board lending rate prevailing at the time plus 1% administration for capital loan schemes.
- The Council's General Fund Borrowing Rate prevailing at the time will be used to calculate the interest lost by the LA in making available the budget share in advance.

**4. Section 4 - The Treatment of Surpluses and Deficit Balances Arising in Relation to Budget Shares**

- The basis for the calculation of school balances at year end for Special Schools and Pupil Referral Units has been amended to now include the top up funding as part of the budget share.

**5. Section 6 – The charging of School Budget Shares**

- The circumstances in which charges may be made has been updated to now include a paragraph stating *Local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.*

**6. Section 12 - Miscellaneous**

- A paragraph relating to pupil premium reporting requirements has now been included to inform schools' of the purposes for which the grant is intended to be spent and the payment terms of the grant.
- The Criminal Records Bureau section has now been replaced with a section detailing schools responsibilities in relation to its replacement policy Disclosure and Barring.
- A section has been added to refer schools to Dudley's *Redundancies and Premature Retirements Standard Operating Procedure* in relation to guidance on redundancy and early retirement costs.

**7. Section 14 – Extended Schools**

- This section has been enhanced to include the requirement for schools/governing bodies to submit an annual Income and Expenditure budget plan by 1 May each financial year.