

**Responses to consultation – Revisions to Scheme for Financing Schools**

**Proposal:** In recent years community activities have been subsumed into the government's extended services agenda. All references to community activities within the Scheme have therefore been changed to extended services where appropriate.

**Comment: Agreed**

**Proposal:** Where further information is available in the Authority's recently updated financial regulations the Scheme has been cross referenced to these.

**Comment: Agreed**

**Proposal:** A section relating to purchasing and contract arrangements has been removed as it has now been superseded by 2.11 and 2.12 of the Authority's financial regulations for schools.

**Comment: Agreed**

**Proposal:** Section 2.16 requires schools to complete a capital draw down pro forma when applying to draw down future year's devolved formula capital allocations.

**Comment: Agreed**

**Proposal:** A paragraph in Section 3.5.1 has been removed. This gave former Grant Maintained schools authority to continue to use financial institutions that are not on the Authority's approved list. Given the current financial climate the Authority has revised the list of financial institutions it feels that schools should invest with. Only one school in Dudley currently uses a bank which is not on the approved list and would be required to revise its banking arrangements.

**Comment: Agreed**

**Proposal:** 4.2.2 (iii) will be extended to allow schools with boarding facilities to hold a maximum of 10% of that year's delegated budget in reserves. Oldswinford Hospital School is the only school in the Borough with boarding facilities. The Local Authority is responsible for the educational provision at the school but not the boarding account. However, as the boarding account facilities are considered by HM Revenue and Customs to be incidental to the educational provision, the school is able to reclaim VAT on its boarding facilities through the Local Authority. This arrangement could result in year end reserves for the school to be greater than the maximum of 5% permitted

for secondary schools. In view of this, Oldswinford Hospital School has requested that their limit is raised to 10%.

**Comments: Not agreed**

All schools must be treated equitably and The Oldswinford School should have the same roll over facility as all other secondary schools. Processing this money through the LA to reclaim VAT is acceptable but as it is a known or predictable figure then this should not lead to the need for an excessive roll forward. – **Headteacher**

All secondary schools should be treated the same way therefore 5% rollforward should apply to everyone. If Oldswinford's rollforward is more than 5% because of boarding fees, the breakdown should be shown to ensure that the other element does not come to more than 5%. Should they be claiming VAT for the business element of their provision anyway? – **Headteacher**

**Proposal:** An additional reserve will be created where Voluntary Aided schools can set aside funds from school reserves for capital projects (4.3). This reserve will also be used by all schools to set aside funds for capital projects that are not yet on Dudley's capital programme. This reserve will not form part of the calculation of the 5%, 8% (and 10% proposed for boarding schools) limit for claw back purposes. The capital project must be approved by Buildings and Estates via a project notification form.

**Comment: Agreed**

**Proposal:** Section 5.7 requires schools to have regard to Section 449-462 of the Education Act 1996. This sets out the law on charging for school activities. It covers items such as residential visits, music tuition, transport and voluntary contributions.

**Comments: Agreed**

**Proposal:** Section 11.15 now contains a requirement for schools to comply with the Authority's code of practice relating to external funding arrangements when apply for external grants.

**Comment: Agreed**

**Proposal:** Section 14.3 has been extended to include the requirement for schools to

- not pay money from trading activities into private bank accounts;
- not allow the trading account to be overdrawn and
- not to use the delegated budget to support trading account activities

**Comment: Agreed**