

Schools Forum

3rd July 2018

Changes to the Scheme for Financing Schools

Introduction

1. Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.
2. Stockton's scheme has not been updated since 2014 and since this date DFE has published two updates to the statutory guidance on funding schemes for local authorities. One in December 2015 and the latest was published in March 2018.
3. The directed changes that were presented within the December 2015 and March 2018 updates have been incorporated into Stockton's Scheme for Financing Schools. The main scheme changes are detailed in the following section.

Scheme Changes

4. December 2015 Update:

- *6.2.20 Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.*

5. March 2018 Update:

- *the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England:*

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of

Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

- *Paragraph 4.8 has been updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9).*
- *4.8 Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.*
- *Annex C: Responsibility for redundancy and early retirement costs has been updated to reflect changes under Schedule 2 Part 7, of the Finance Regulations. This details how a local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.*
- *Additional updates made include the removal of wording in paragraph 2.3.1, as regulations no longer allow local authorities to issue budget shares for a multi-year period.*
- *References to the Audit Commission have been removed from paragraph 2.6, as this has been abolished.*
- *Within paragraph 6.2.15, 'statement of SEN' has been replaced with 'Education Health and Care Plan (EHCP)'.*

Recommendation

6. The Schools Forum is asked to note the changes to the document.

Andy Bryson
Finance Manager (Corporate)

