

AGENDA ITEM 8

REPORT TO SCHOOLS FORUM

27th June 2023

SCHEME FOR FINANCING SCHOOLS UPDATE 2023

SUMMARY

1. The Scheme for Financing Schools document defines the key financial management relationship between the Local Authority (LA) and schools. The scheme clearly outlines all stakeholder roles and responsibilities, key controls and any remedial actions the LA may impose in case of any financial mismanagement issues.
2. The LA is required to consult by statute with all governing bodies in relation to any LA specific proposed amendments to the Scheme for Financing Schools document. “Directed Revisions” as per the Secretary of State and/or minor updates to local scheme to comply with updated DfE guidance have not been subject to formal consultation with school governing bodies.
3. Schools Forum is required under its powers and responsibilities to approve the proposed changes to the scheme, prior to implementation. If the Forum does not approve one or a number of the proposed changes then the LA can either reconsider the proposals or refer the matter for adjudication to the Secretary of State.

RECOMMENDATION

4. It is recommended that local authority **maintained** school members approve the changes to the scheme.

Scheme for Financing Schools

5. The annual statutory guidance (issue 15) was updated on 31 March 2023 and published as per the link below.

[Schemes for financing schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/schemes-for-financing-schools)

6. All Local authorities are required to have a scheme for financing schools, setting out the financial relationship they have with their maintained schools. Changes to the guidance have been made to reflect updates to policy and/or legislation and LA’s must ensure their local scheme is reflective of such updates. The statutory guidance sets out what the LA must do to comply with the law and the LA is required to follow the guidance unless they have a very good reason not to.

7. The local Scheme for Financing Schools document was last updated in December 2020 to reflect the last series of “Directed Revisions” issued by the Secretary of State.
8. The updated statutory guidance from DfE only included one minor update relating to “income from sale of assets” section of the scheme. A single proposed wording update/amendment to ensure the local scheme is fully compliant with the Secretary of State updated statutory guidance.
9. The current text in the Stockton Scheme for Financing Schools will be updated to incorporate this guidance as follows:

Extract from Stockton’s Scheme for Financing Schools

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

The text from the paragraph above will be updated as follows:

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

The retention of proceeds of sale for premises not owned by the local authority will not be a matter for the scheme.

10. There have been other minor changes to the document to bring it up to date. This includes changes to job titles, updated terminology, various acts and schools included within the scheme.
11. Once changes are approved the Scheme will be published on the Councils website. The current version of the scheme can be found via the following link;

[Scheme for financing schools \(stockton.gov.uk\)](https://www.stockton.gov.uk/scheme-for-financing-schools)

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