

Schools Forum

17 March 2022

Section 48 – Scheme for the Financing of Schools

This report relates to Maintained Schools only.

Recommendations

1. The maintained school representatives of Schools Forum are recommended to agree the revised Scheme for financing of schools which now reflects the DfE's statutory guidance as of April 2021.
2. The maintained school representatives of Schools Forum agree the timetable for consultation on the changes with maintained schools.

1. Introduction

- 1.1. Warwickshire County Council is required to publish a **Scheme for financing of schools** setting out the financial relationship between the authority and the schools it maintains.
- 1.2. The guidance the local authority publishes covers the following legislation:
 - Section 48 of the Schools Standards and Framework Act 1998, and Schedule 14 to the Act.
 - Schools and Early Years Finance (England) Regulations 2018.
- 1.3. The Department for Education (DfE) periodically revise their guidance to Local Authorities and the last time the guidance changed was April 2021. The scheme for Warwickshire was last updated in October 2020.
- 1.4. Once Schools Forum have approved amendments to the scheme the Local Authority will consult with all of its maintained schools. **This consultation will start on Monday 21 March and will be for 3 weeks concluding on Monday 11 April.** The outcomes of this consultation will be reported back to the next meeting of the Schools Forum.
- 1.5. The proposed revised Scheme for financing of schools (with proposed amended sections in purple for ease of reference is attached as an Appendix to this report.

2. Amendments to the Scheme

2.1 IFRS 16

2.1.2 The changes relating to financing and operating leases (IFRS16) that were due to come into effect on 1 April 2020 were delayed initially, due to the COVID-19 pandemic, and will be postponed again until at least April 2022.

2.1.2 As no further updates on IFRS 16 have been published by the DfE, no amendment is proposed at this stage.

2.2 Desktop Review of the Scheme

2.2.1 A desktop review of Warwickshire's Scheme has been carried out to provide additional clarity where necessary and to ensure that it is up to date and reflective of the schools within Warwickshire, As such, the following minor amendments are proposed:

Section 2.8 Submission of Budget Plans (for current year)

- Heading amended to include '(for current year)'

Section 2.9 Submission of Financial Forecasts (for multi-year period)

- Heading amended to include '(for multi-year period)'
- Adds clarity that the requirement is termly.

Section 3.4 Frequency and size of instalments

- Removes reference to schools without their own bank account as this is no longer relevant in Warwickshire.

Section 4.2 Reporting on and Control of the Use of Surplus Balances

- Is updated to say 'Since 2013/14' rather than 'For 2013/14'.

Section 4.3 Interest on surplus balances

- Is updated to reflect that all maintained schools have their own bank account.

Section 4.9 Licensed Deficit Scheme

- Is updated to reflect the process at Warwickshire relating to cash advances.

Section 8.3 Packaging

- The word 'all' has been removed to reflect more accurately that schools can choose to go outside of the Local Authority for services and/or the Local Authority can choose to not provide a service.

References to Treasury Management

- Full Council approved the Local Authority's Treasury Management Strategy 2022/23 on 8 February, so the document references this updated strategy where relevant (Section 3.3 and Annex B)

2.3 Improved alignment to the DfE's guidance for the Scheme

2.3.1 In order to better align Warwickshire's scheme to the DfE's guidance, the following minor changes are proposed:

Section 4.9 Licensed Deficit Scheme

- Includes a new final bullet which states that where a school requires a budget share advance in order not to be to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.

Section 10.4 Responsibility for legal costs

- Provides greater clarity that a school cannot expect to be reimbursed for the cost of legal action against the local authority itself.
- The costs referred to are of legal actions, not the cost of legal advice provided.

2.4 No further amendments are proposed.

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