

Local Authority Scheme for Financing Schools

SUMMARY

- 1.1 Each Local Authority is required to have a Fair Funding Scheme for Financing Schools in accordance with the School Standards and Framework Act 1998 - SSFA - and associated regulations. The Scheme applies to all community, nursery, voluntary, foundation and trust schools.
- 1.2 This report details the proposed changes to the Scheme. All Scheme changes must be approved by Schools Forum. Schools Forum are considering these changes at their meeting on the 29 March 2012.
- 1.3 Under the Education Act 2011, the Secretary of State has the power to issue directed revisions to local authority schemes for financing schools. This means that authorities must incorporate within, or remove from, their schemes the specified wording, and no other process is needed in order to make the changes.
- 1.4 As well as the changes the Secretary of State has made under this provision, other changes have been made to the Scheme.

RECOMMENDATION

- 2.1 To approve the changes to the Scheme for Funding Schools.
- 2.2 To recommend the Scheme changes to Council for approval.

REASONS FOR RECOMMENDATION

- 3.1 Directed Revisions have been issued by the Secretary of State. Other changes are necessary to clarify the financial relationships between the Council and the maintained schools which it funds.

SUPPORTING INFORMATION

4.1 Direct Revisions

The Secretary of State has the power to issue direct revisions to the Scheme for Financing Schools. These revisions are detailed below. Text in normal font denotes the actual directed revision local authorities are required to place in, or remove from, their schemes;

- Text in italics denotes accompanying guidance.

These revisions will take effect on 1 April 2012.

4.2 Best Value

Local authorities must remove any requirement in their schemes for schools to submit a statement of Best Value with their budget plan.

The government believes that it is important for schools to achieve value for money, but this can be demonstrated in other ways than a written statement.

The Department removed this requirement from its guidance on local authority schemes to take effect from 1 April 2011.

4.3 Financial Management Standard in Schools - FMSiS

Local authorities must remove from their schemes requirements relating to the Financial Management Standard in Schools - FMSiS.

A directed revision to schemes requiring schools to meet FMSiS was introduced in 2007. The Department has introduced the Schools Financial Value Standard (SFVS) as a much simpler replacement for all maintained schools. Information on the new SFVS was published in July 2011.

4.4 General Teaching Council

Local authorities must remove from their schemes requirements relating to payments of General Teaching Council (GTC) fees.

The GTC was abolished by the Education Act 2011 with effect from 1st April 2012.

4.5 Efficiency and value for money (replaces current Best Value section)

The scheme must include the following provision, which imposes a requirement on schools to achieve efficiencies and value for money, to optimise their resources and invest in teaching and learning; taking into account purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

The text for this provision is set out below.

- 4.6 Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.
- 4.7 It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it's important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

- 4.8 Schools Financial Value Standard - SFVS
The scheme must include the following provision, which makes it mandatory for all local authority maintained schools to complete the SFVS assessment form on an annual basis and submit a signed copy to their Authority. SFVS will also apply to all local authority maintained nursery schools and Pupil Referral Units that have a delegated budget.

The text for this provision is set out below.

All local authority maintained schools (including nursery schools and Pupil Referral Units - PRUs - that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard - SFVS - and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner.

Maintained schools that did not achieve the Financial Management Standard in Schools - FMSiS - must submit the form to the local authority before 31 March 2012, and annually thereafter.

All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

4.9 Fraud

The scheme must include the following provision, which requires schools to have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The text for this provision is set out below.

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

4.10 Amended statutory guidance

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Current legislation states:

(7)Where a local education authority incur costs—

(a)in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(8)Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school's budget share for any financial year.

(9)Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

Revised to:

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7)Where a local education authority incur costs—

(a)in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7A)Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.

(7B)The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.

(9)Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

5.1 Non Directive Changes are:

Clarification of the operation of a schools bank account for non pay costs. The scheme was ambiguous in terms of defining the amount of delegated budget attributable to non pay related expenditure. The scheme now reads:

Where a school chooses to operate a bank account for non-pay costs only, an estimate of 15% of the total budget will be used as the non pay element of the schools budget. 15% of this estimate will be paid on 1 April. The remainder of the allocation will be paid in equal instalments on the 14th of each subsequent month except for March. Any overspending on pay costs during a financial year will be deducted from the following year's instalment.

5.2 Reference to Corporate Directors replaced by Strategic Directors. This is to reflect current job titles.

5.3 Addition to Section 6 – The Charging of a Schools Budget Share.
Schools budget shares can be charged without the consent of the governing body only in circumstances listed in the Scheme.

The scheme currently says (extract)

The circumstances in which charges may be made as outlined in paragraph 6.1 are:

- (b) other expenditure incurred to secure resignations where the school had not followed Council advice;
- (c) awards by courts and industrial tribunals against the Council, or jointly against the Council and the governing body, or against the governing body directly, or out of court settlements, arising from action or inaction by the governing body contrary to the Council's advice;
- (k) legal costs which are incurred by the Council because the governing body did not accept its advice

The proposal is to add the following approved reasons.

Where an employee is dismissed and DCC HR Advice has not been followed, should a claim be issued and an award made against the Council, the school will be responsible for any such payment.

- 5.4 Clarification for the funding of exit costs. This provision had been agreed by Schools Forum in 2007, the Scheme is to be made explicit by adding the following.

Redundancies and early retirements are charged against school delegated budgets in respect of all school based posts. Where costs are incurred through a LA led reorganisation, closure or amalgamation of schools the balances of the closing schools will be considered for use in the first instance. Redundancy payments can be charged to the central part of the schools budget if there are resultant savings to the schools budget.

OTHER OPTIONS CONSIDERED

- 5.1 Directive changes have to be included in the scheme. Non directive changes are necessary to clarify the financial relationship between the school and the Council.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Robin Constable Alison Parkin
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For more information contact: Background papers: List of appendices:	Alison Parkin 01332 642674 e-mail Alison.Parkin@derby.gov.uk Scheme for Financing Schools Appendix 1 - Implications
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IMPLICATIONS

Financial and Value for Money

- 1.1 The Scheme for Financing Schools sets out the financial relationship between the Council and the schools it funds.

Legal

- 2.1 Each Local Authority is required to have a Fair Funding Scheme for Financing Schools in accordance with the School Standards and Framework Act 1998 (SSFA) and associated regulations.

Personnel

- 3.1 None contained in the report

Equalities Impact

- 4.1 None contained in the report

Health and Safety

- 5.1 None contained in the report

Environmental Sustainability

- 6.1 None contained in the report

Asset Management

- 7.1 None contained in the report

Risk Management

- 8.1 None contained in the report

Corporate objectives and priorities for change

- 9.1 Not applicable

