

Wiltshire Council

Schools Forum

10th December 2020

Scheme for Financing Maintained Schools 2021-22

Purpose of the Report

1. To provide Schools Forum with an update on the Wiltshire Scheme for Financing Maintained Schools.

Background

2. Local authorities (LA's) are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain, to meet the provisions of Section 48(4) of the School Standards and Framework Act 1998, and Schedule 14 paragraph 2A(2) to that Act.
3. The 2020 Wiltshire Scheme for Financing LA Maintained Schools has been updated and amended in accordance with guidance from the Secretary of State for Education.
4. When making any changes to a Scheme, LA's are required to consult all maintained schools in their area and then obtain the approval of the members of Schools Forum, representing maintained schools, except for any 'Directed Revisions' requested by the Secretary of State.
5. The power of 'directed revision' is used by the government either to remove outdated provisions or insert new provisions to reflect latest legislation or policy. In this instance, LA's are directed by the Department for Education (DfE) to incorporate within, or remove from, their schemes specific wording and no consultation with maintained schools or approval of the Schools' Forum is necessary.
6. Wiltshire's current scheme document is considerably dated and a wholesale re-write has been undertaken to bring the Scheme up to date and therefore will be the subject of consultation and approval by Schools Forum.

The Funding Framework

7. The funding framework which replaced Local Management of Schools is set out in the legislative provisions in section 45 to 53 of the School Standards and Framework Act 1998.
8. Under this legislation, local authorities determine for themselves the size of their Schools' Budget and their Non-Schools Education Budget, although at a

minimum the LA must appropriate its entire Dedicated Schools Grant to their Schools' Budget.

9. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on the Authority's maintained schools except for capital and certain miscellaneous items.
10. Local authorities may deduct funds from their Schools' Budget for purposes specified in regulations made by the Secretary of State under section 45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the LA following consultation with maintained schools and gaining the approval of Schools Forum.
11. The balance of the Schools' Budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). LA's must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school.
12. This budget share is then delegated to the governing body of each school, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act.

The Outline Scheme

13. The regulations state that schemes must deal with the following matters:
 - the carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares;
 - amounts which may be charged against schools' budget shares;
 - amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used;
 - conditions prescribing financial controls and procedures;
 - terms on which services and facilities are provided by the authority for schools maintained by them;
 - the times at which amounts equal in total to the school's budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time;
 - the virement between budget heads within the delegated budget;
 - the use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets;
 - borrowing by governing bodies;
 - the banking arrangements that may be made by governing bodies;

- a statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 act;
- the keeping of a register of any business interests of the governors and the head teacher;
- the provision of information by and to the governing body;
- the maintenance of inventories of assets;
- plans of a governing body's expenditure;
- insurance;
- the use of delegated budgets by governing bodies to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974;
- the provision of legal advice to a governing body;
- how complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made

The Role of the Scheme

14. The scheme defines the financial relationship between the Local Authority and the maintained schools which it funds.
15. The requirements of the scheme relating to financial management and associated issues are binding on both the Authority and schools. They ensure compliance with statutory requirements, accounting and auditing standards and codes of practice which are established by the professional accounting bodies and shall apply to all staff employed at the school, including consultants.
16. Section 48(3) of the School Standards and Framework Act provides that where there is any inconsistency between the scheme and any other rules or regulations made by the LA relating to the funding or financial management of schools which they maintain, the terms of the scheme shall prevail.

Proposal

17. It is proposed that:
 - a) Schools Forum are aware of the proposed consultation with maintained schools.
 - b) Schools Forum consider the introduction of the new Scheme for Financing Maintained Schools at a future meeting, based upon the consultation responses.