

REPORT TO: School Forum
DATE: 22nd June 2015
REPORTING OFFICER: Senior Finance Officer
SUBJECT: Halton Scheme For Financing Schools
WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

To share with School Forum the revised Scheme For Financing Schools that has been put to consultation.

2.0 RECOMMENDATION: That

- (1) That the maintained school representatives approve the revised Halton Scheme For Financing Schools as tabled to come into effect from 1st September 2015.**

3.0 SUPPORTING INFORMATION

- 3.1 We started reviewing and revising the Halton Scheme For Financing Schools (SFFS) in October 2014. Initially a working group was set up with representatives from maintained schools to assist us as we started this task.

We have drawn on various areas of the Council to update and advise on individual sections of the Scheme where appropriate.

- 3.2 We have combined the Halton SFFS with the Financial Guidance for Schools document which was supplementary to the SFFS. The sections listed below have seen substantial changes:
 - 1.2.1 Application of the scheme – now applies to PRU.
 - 2.1.4 Control of assets – clarification
 - 2.1.6 Writing off of debts – position regarding school meal debts clarified
 - 2.4 Efficiency and value for money – updated
 - 2.6 Audit – General – updated
 - 2.9 Register of business interests – updated (but excluding new proposals as detailed in 3.6 below)
 - 2.10 Purchasing, tendering and contracting requirements – clarification on the new HMRC requirements for labour included
 - 2.15 Notice of concern – new section added
 - 2.16 School Financial Value Standards – new section added
 - 2.17 Fraud – new section added
 - 3 Instalments of the budget share – updated (whole section)
 - 4.7 Writing off deficits – clarified

- 4.10 Loan scheme – section deleted
- 6.1 General Provision – updated
- 8.3 Service Level Agreements – updated
- 9 PFI/PPP – updated (whole section)
- 11.10 ‘Whistleblowing’ – updated
- 11.12 Redundancy/Early Retirement costs – updated

Annex A – schools to which the scheme applies – updated

Annex E – Operation of local bank accounts - updated

- 3.3 The draft SFFS will be put to maintained schools for consultation on 8th June. **The closing date for comments is Friday 19th June.** The comments received will be tabled at the meeting.
- 3.4 Subject to comments received, we are asking for implementation of the Halton SFFS on 1st September 2015. We will aim to review and revise where necessary the SFFS for consultation in the summer term each year.
- 3.5 We would like to thank members of the working group for their co-operation, time and effort in getting this work underway.
- 3.6 The Education Funding Agency announced on 28th May that it is proposing two changes to the SFFS. The consultation period for these proposals closes on 24th June 2015. Below are the details of the proposals:

The first relates to the business interests of governors of maintained schools. The EFA think there should be greater visibility around the individuals involved in maintained school governance. They propose to introduce a directed revision to the SFFS which strengthens the requirement for maintained schools to maintain a register to interests, and introduces a requirement to publish it.

Rationale for Change: Governors hold an important public office and it is important that they are known to their school and wider communities. The Governors’ Handbook currently recommends that governing bodies publish the names of their governors, their category and terms of office, and any committees they sit on and the EFA are planning to formalise this good practice through an amendment to the statutory guidance on the Constitution Regulations.

Under the Local Authority’s Scheme for Financing Schools, governing bodies should already be maintaining a register of interests. For academies, the latest edition of the Academies Financial Handbook requires them to publish the register. In the interests of transparency we think that the requirement should also apply to maintained schools.

In terms of scope, we propose that the register should set out the relevant business interests of governors and details of any other

educational establishments that they govern. The register should also set out any relationships between school staff and members of the governing body such as spouses or relatives. Guidance will be provided.

The proposed new text for section 2.9 of the model Scheme is given below, with changes highlighted.

“2.9 Register of business interests.

The scheme **must** contain a provision which requires the governing body of each maintained school to have a register which lists for each member of the governing body and the head teacher:

Any business interests that they or any member of their immediate family have;

Details of any other educational establishments that they govern;

Any relationships between school staff and members of the governing body; and

to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the authority, **and to publish the register, for example on a publicly accessible website.**

The authority may issue more detailed guidance on the maintenance of such a register.”

2. We are also considering a directed revision to clarify borrowing powers for schools and to align our advice to schools with that already available to academies. We are proposing the following amendment to section 3.6 of the Scheme, which would then read as follows:

“3.6 Borrowing by schools

The scheme should contain a provision reminding schools that governing bodies may borrow money **(which includes the use of finance leases)** only with the written permission of the Secretary of State. **The Secretary of State’s general position is that schools will only be granted permission for borrowing in exceptional circumstances.**

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the [Salix](#) scheme, which is designed to support energy saving.

Schemes may explicitly bar schools from using credit **cards and overdrafts**, which are regarded as borrowing. However, they should encourage the use of procurement cards by schools, as these cards can be a useful means of facilitating electronic purchase.

The restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the authority when repaying loans.

This provision does not apply to loan schemes run by the authority (see section 4.10).

- 3.7 On the issue of finance leases, we have contacted the EFA for further clarification. Halton, as in many local authorities, does not allow schools to sign for finance leases. Any school wishing to take on a finance lease must send full details of the options they have considered plus the lease agreement from the supplier to the Financial Management Division. The Financial Management Division will then assess the options and where appropriate, gain authorisation for the finance lease from the Chief Finance Officer. At the time of writing no response has been received from the EFA. Should a response be received before the meeting it will be reported.

4.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Schemes for financing schools – statutory guidance for local authorities. February 2014	Kingsway House	Anne Jones
EFA Newsletter 28 th May 2015	Kingsway House	Anne Jones