

REPORT TO: School Forum
DATE: 20th January 2016
REPORTING OFFICER: Finance Officer, Financial Management Division
SUBJECT: SFFS Consultation

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum that changes are being proposed to the SFFS.

2.0 RECOMMENDATION

RECOMMENDED:

(1) The report be noted.

3.0 SUPPORTING INFORMATION

3.1 A number of statutory changes have been made to the Scheme For Financing Schools (SFFS) by the Education Funding Agency (EFA) regarding the publication of the register of business interests that must be held by all schools, and that schools can only borrow money (which includes finance leases) with the approval of the Secretary of State. As required we are now consulting with schools on these changes.

We are also proposing changes regarding the sending out of Central Reports and the deadline for LBA returns for cheque book schools has been changed.

The consultation document was sent out during the week of 11th January with the returns requested by Friday 22nd January 2016. A report on the results of the consultation will be presented at the March School Forum meeting. We are aiming for the changes to be implemented from 1st April 2016.

The consultation document is attached in Appendix 1.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 OTHER IMPLICATIONS

5.1 None

Consultation on changes to the Halton Scheme for Financing Schools (SFFS)

The Education Funding Agency announced on 28th May that it was proposing two changes to the SFFS. The consultation period for these proposals closed on 24th June 2015. At the June 2015 School Forum we tabled the SFFS that came into effect on the 1st September 2015 and we noted that the EFA had put out a consultation on two areas that they wished to change but the closing date was after School Forum. Below is the outcome of the consultation:

The first relates to the register of business interests. The EFA think there should be greater visibility around the individuals involved in maintained school governance.

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.

The proposed new text for section 2.9 and 3.6 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.”

**Question: Do you agree to the changed wording for Section 2.9 as given above? I agree I do not agree
If no what alternative do you propose?**

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).

**Question: Do you agree to the changed wording for Section 3.6 as given above? I agree I do not agree
If no what alternative do you propose?**

3. Central Reports and LBA Returns from Chequebook Schools
 The current SFFS requires that all chequebook school LBA returns are submitted by the 20th of the following month. Central reports are currently produced on the second Wednesday of each month for all schools.

For schools using the Agresso system, Central reports would no longer be produced as these schools are able to access such reports as and when they require them. Chequebook schools will continue to receive Central reports as they are required to reconcile them to their finance system. Non-chequebook schools that do not use the Agresso system will still receive the Central reports in line with chequebook schools as detailed below.

If we were to bring the deadline for the LBA returns forward from the 20th to the 10th of the following month, we would then be able to produce Central reports around the 20th of each month which would contain all declared income and expenditure from the LBA return. The reason for this is to ensure that no schools will receive reports that do not contain expenditure information. Currently a school can receive a return for October that has no expenditure on it as the reports can have been run in November before the LBA return has been posted to Agresso.

Question: Do you agree with the central reports only being produced for non-Agresso schools? I agree I do not agree
If you do not agree what alternative do you propose?

The production and distribution of Central Reports does not form part of Halton's SFFS. However the proposed change links with the School Support SLA for 2016-17 and with the change to the LBA return deadline for chequebook schools, which does form part of the SFFS as detailed below:

Appendix E Section 2.1

Monthly reconciliations of transactions made via the local bank account of the approved format, shall be undertaken and forwarded to the Financial Management Division by the 10th of the following month, in order to ensure that the appropriate accounting analysis is entered into the school's accounts with the Borough Council. Failure to provide the monthly reconciliation analysis by the due date may result in delays in cash advances being made to schools.

Question: Do you agree with the changed wording for Appendix E Section 2.1 as above? I agree I do not agree
Not applicable
If you do not agree what alternative do you propose?