

## WESTMINSTER CITY COUNCIL

## SCHOOLS' FORUM – 17TH JUNE 2024

## REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI-BOROUGH CHILDREN'S SERVICES

## SCHEME FOR FINANCING SCHOOLS

**Purpose of the report**

This report sets out a recommendation for consultation on proposed changes to the current policy.

**FOR APPROVAL**

**1 Introduction**

- 1.1 The Scheme for Financing Schools (the “policy”) sets out the financial relationship between the Local Authority and the maintained schools that it funds. It contains requirements relating to the financial management of its schools.
- 1.2 In making any changes to their schemes, other than DfE directed revisions, local authorities must consult all maintained schools and receive approval of the Schools Forum representing maintained schools.
- 1.3 The proposed policy in Appendix B of this report is compliant with DfE guidance and the Authority's financial regulations.

**2 Policy Updates for Consideration**

- 2.1 The current Scheme for Financing Schools was last updated in June 2023 after presentation to Schools Forum.
- 2.2 The DfE published the updated [scheme for financing local authority maintained schools 2024 to 2025](#) at the end of March 2024.
- 2.3 There were no new directed revisions in the updated version of the scheme and one change regarding borrowing by schools to reflect the introduction of IFRS16. Section 3.6 of the Scheme has been updated to reflect these changes.
- 2.4 Additionally, further changes to the policy are proposed as summarised below. These changes are proposed to clarify and add further detail to existing guidance and the changes can be reviewed in Appendix B of this report.
  - Further information and clarity included in section 2.1.2 of the Scheme, provision of financial information and reports.

- Amendment to the frequency of Early Years payments in section 3.2 of the Scheme.

Section	Revision Type	Proposed Update
3.6	Other update	<p>From 1 April 2024, all leases count as finance leases, and thus as borrowing, and the distinction between finance and operating leases will no longer apply. However, the Secretary of State has issued a “class consent” (the IFRS 16 maintained schools lease class consent) allowing maintained schools to lease most of the assets typically leased by schools.</p> <p>Schools are permitted to lease any assets covered by the class consent, without further reference to the authority. However, before entering any permitted lease, schools should carefully consider whether leasing offers the best value for that asset compared to outright purchase. Schools should not see the change as an encouragement to lease. Specifically, schools should continue to be wary of any lease proposal which involves returning equipment early and adding the cost of the returned equipment to the cost of new equipment (so that the school is continuing to pay for equipment it no longer has).</p> <p>Schools should also be wary of any lease where the charges are appreciably lower in the first few years than for the remainder of the term, or of any other lease proposal of an unduly complex nature. Any lease outside the scope of the class consent will still require individual approval by the Secretary of State. In particular, this applies to leases of land, which will still not generally be permitted.</p> <p>Schools are encouraged to use procurement cards, as these cards can be a useful means of facilitating electronic purchase.</p>
2.1.2	Other update	<p><b>Reporting deadlines</b></p> <p>Schools are required to provide the Authority with their monthly and quarterly reports as specified in the LA Finance Deadlines Timetable which is available on the Services to Schools website: <a href="https://services2schools.org.uk">Services to Schools   Bi-Borough Children's Services (services2schools.org.uk)</a> and outlined as follows:</p> <p><b><u>Monthly</u></b></p> <p>VAT return which includes:</p> <ul style="list-style-type: none"> <li>i) VAT submittal report</li> <li>ii) Full VAT report</li> </ul> <p><b><u>Quarterly</u></b></p> <p>CFR1 and CFR2 returns which includes:</p>

		<ul style="list-style-type: none"> <li>i) Bank reconciliation report including unreconciled items</li> <li>ii) Signed copy of Bank statement (final page only)</li> <li>iii) Income and Expenditure reports</li> <li>iv) Trial Balance reports.</li> <li>v) CFR reconciliation</li> <li>vi) Payroll information for CFR2 as specified in the instructions of the template provided by the LA.</li> <li>vii) Quarterly Budget monitoring report with comments on variances</li> <li>viii) Schools with licensed deficit recovery plans are required to report monthly on the above – as per the deadline specified in the schools finance calendar.</li> </ul>
3.2	Other update	The Early Years National Funding Formula (EYNFF) funding will be paid monthly, based on data submitted via the Synergy portal.

### 3 Consultation

- 3.1 In accordance with the provision set out in 1.4 of the Scheme and DfE guidance, *'any proposed revisions to the Scheme will be the subject of consultation with the governing body and the headteacher of every school maintained by the Authority, before they are submitted to the Schools Forum for their approval'*.
- 3.2 To comply with this requirement, Schools Forum is asked to note the proposed updates and provide consent for the proposed Scheme to be circulated to all maintained schools for consultation.
- 3.3 If the outcome of the consultation is in support of the changes to the Scheme, the changes will be enacted and the updated Scheme made available to all maintained schools.

### 4 Recommendations

- 4.1 Schools Forum is asked to:
- review and approve the updated Scheme to be consulted on with all maintained schools (in line with provision 1.4 of the policy)
  - note that the outcome of the consultation will be reflected in the next issue of the Scheme.

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**Background Papers**

Department for Education: Statutory guidance for local authorities on Schemes for Financing Schools: <https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

**Appendices**

- Appendix A – Current Scheme for Financing Schools
- Appendix B – Proposed Scheme for Financing Schools (with tracked changes)