

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

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| Date: | 18th July 2018 | AGENDA ITEM: |
| Title: | Scheme for Financing Schools Consultation Feedback | |
| Responsible officer: | Kevin McDaniel, Director of Children's Services | |
| Contact officer: | James Norris, Head of Finance (RBWM) Achieving for Children | Email: James.norris@achievingforchildren.org.uk |

1 **PURPOSE AND SUMMARY**

- 1.1 Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain.

2 **RECOMMENDATIONS**

Schools Forum is asked to:

- 2.1 The Forum is asked to note the consultation feedback, as set out in appendix A and approve the updated Scheme for Financing Schools as set out in appendix B.

3 **BACKGROUND**

- 3.1 In March 2018 the Department for Education (DfE) published the latest issue of statutory guidance for local authorities on schemes for financing schools. It relates to Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act.
- 3.2 Local authorities are required to publish Schemes for Financing Schools setting out the financial relationship between them and the schools they maintain. The guidance lists the provisions which a local authority's scheme should or may include.
- 3.3 In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum.
- 3.4 The latest DfE published guidance can be found at:
<https://www.gov.uk/government/publications/schemes-for-financing-schools>
- 3.5 At the Schools Forum of the 25th April 2018 forum were asked to note that consultation would take place between the 4th and 25th of May 2018 with feedback to be presented to the next forum.

STATUTORY CHANGES FROM PREVIOUS ISSUE

DIRECTED REVISIONS 2018

- 3.6 The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties. Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England:
- 3.7 “Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school’s recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school”.

UPDATES TO THE GUIDANCE

- 3.8 Updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018.
- 3.9 Paragraph 4.8 has been updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9).
- 3.10 “4.8 Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes”.
- 3.11 Annex B: Responsibility for redundancy and early retirement costs has been updated to reflect changes under Schedule 2 Part 7, of the Finance Regulations. This details how a local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.
- 3.12 Additional updates made include the removal of wording in paragraph 2.3.1, as regulations no longer allow local authorities to issue budget shares for a multi-year period.
- 3.13 References to the Audit Commission have been removed from paragraph 2.6, as this has been abolished.
- 3.14 Within paragraph 6.2.15, ‘statement of SEN’ has been replaced with ‘Education Health and Care Plan (EHCP)’.

4 UPDATE TO THE RBWM SCHEME

- 4.1 The consultation feedback was fairly minimal generally focusing on the financial pressures faced by schools particularly in relation to increased costs for staffing and those pupils with Education, Health and Care Plans.
- 4.2 There was no responses that expressed they were opposed to the Scheme for Financing Schools.
- 4.3 Individual schools have been responded to directly and appendix B sets out a summary of comments raised with responses.

| Section/ Reference/ Comment | Response |
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| <p>3.6 Overdrafts</p> <p>It would be useful for distinction between temporary and permanent overdrafts</p> | <p>The wording in the consultation document has been amended to “Should a school use an overdraft facility even as a temporary arrangement it should inform the local authority immediately”.</p> |
| <p>4.4 Obligation to carry forward deficit balances</p> <p>We are concerned that with the obligation to carry forward deficit balances and the ever-increasing pressures on schools that carrying forward will only exacerbate future budget years. Perhaps there could be a 1-year grace period if the school could demonstrate that there were one off mitigating circumstances that caused the deficit?</p> | <p>It is the responsibility of the school to manage a balanced budget. Any deficit will be carried forward at the end of the school year. Allowing schools to have a 1-year grace period would impact on all schools in the next year.</p> |
| <p>4.5 / Appendix 5 Planning for deficit balances</p> <p>With further pressure on staffing costs from pension increases and minimum wage impact and recent changes to FSM thresholds schools are increasingly likely to putting forward deficit budget plans in the future. Any process for dealing with these plans needs to be able to cope with the volume so that schools can get a timely response</p> | <p>The wording in the consultation document has been amended to “This will be completed within a reasonable timescale to enable budget planning and action to be taken by all parties as appropriate”.</p> |
| <p>8.2 Provision of services provided by the Authority</p> <p>The breakdown of provision and pricing is often unclear for example the SEND service speech and language service is marketed as School support ethnic minority and traveller achievement service and it was only when we didn't sign up was this clarified.</p> <p>Also, it would be useful to receive the trader's brochure in January to enable school discussion to take place and the time and opportunity to shop around. The current timescales don't allow enough time so you could be tied in to a service</p> | <p>The SEND service is working to make improvements to communication and your comment has been forwarded to them.</p> <p>In respect of the brochure it is recognised an earlier publication would give schools greater decision making opportunity. The Business Development Team have been advised of this request.</p> |

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| <p>that has gone up 5% without the opportunity to shop around for best value.</p> | |
| <p>11.7 Special educational needs</p> <p>Even with the notional SEN budget; school budgets are not sufficient to cover the ever-increasing high needs children that are in mainstream schools. Any associated EHCP funding does not cover the cost of 121 support that is required to ensure that learning is accessible for them and in addition protect the teaching and learning of other children.</p> | <p>It is recognised that there are increasing demands on schools retaining SEN pupils. EHCP funding is calculated transparently through the SEN matrix to support individual pupils.</p> |
| <p>13.9 Additional restrictions - supply of financial Information</p> <p>“Programmes should be self-financing and delegated budgets cannot be used for funding additional activities and services, except study support for pupils” Does this mean that we need to start charging for extracurricular clubs and ensure that residential trips are paid for by parents?</p> <p>Can Pupil Premium funding be used to pay for activities for Pupil Premium children? Even where there is no cost to the club, we have to pay staff to run them by working longer hours so they are not self-financing.</p> | <p>Extracurricular clubs should operate to provide facilities and extended educational support to pupils, residential trips are an educational experience. Therefore, these activities can be part funded from the schools budget as deemed appropriate by the school. The school may operate a “financial support programme” for some pupils.</p> <p>The wording in the consultation document has been amended to “Programmes should where possible be self-financing with the school’s delegated budget share only funding additional educational activities and services.”</p> <p>The wording in the consultation document has been amended to include “Schools should consider the educational benefits of supporting any educational provision or programme through their Schools Budget”</p> <p>Pupil Premium Grant provides funding for two policies:</p> <ul style="list-style-type: none"> ● raising the attainment of disadvantaged pupils of all abilities to reach their potential ● supporting children and young people with parents in the regular armed forces <p>It is for the school to decide how best to</p> |

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| | apply this funding. |
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| <p>13.15 Carrying forward retained net income</p> <p>In this time of increasing year on year budget pressures, schools are looking at income generating opportunities to bridge forecast deficits. The authority “may agree” to “part of the surplus” would be better replaced with wording that allowed to use “all surpluses” on the condition that any deficit is not funded from the school budget share.</p> | <p>The wording in the consultation document has been amended to “the Authority may agree with the school transferring up to the full value of the surplus to the schools account for a specific purpose.”</p> |
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| <p>Appendix 4 Budget plan and monitoring and submission schedule</p> <p>Happy to provide these if we are reminded to submit them.</p> <p>3 year budgets are more accurate in September we can then ensure that staffing for September the new academic year is reflected, there can be huge differences in April / September staffing. Is it possible to amend this July deadline?</p> | <p>Noted</p> <p>The July deadline is to ensure all budget plans are submitted and agreed with governing bodies before the start of the coming academic year. If a school is required to make staffing and other reductions they need implement consultation and structure changes to be effective from September.</p> |
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| <p>Appendix 4 Budget plan and monitoring and submission schedule</p> <p>I am in support of a 3 year budget plan submission as I feel it is important with increasing budget pressures that the LA is aware of the long term impact of schools. Please can you clarify process if a 3 year plan is forecasting a deficit even if current year balances?</p> | <p>Guidance states that If year 2 shows a deficit position (not if the deficit is only in year 3) a second version of the 3 year Budget Plan must be submitted. The second version should detail what actions will be taken to balance the budget position.</p> |
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| <p>General Comments</p> | |
| <p>We have concerns about the year ahead and increased staffing costs and the fact that teacher shortages mean that teachers can in effect demand/ command higher salaries. We have had staff poached after they have been recruited as other schools have offered to pay them more.</p> <p>We also have concerns that our buildings / grounds are getting older and require further investment to ensure that they are</p> | <p>It is recognised that there is growing financial pressures on many of our schools especially those with a more inclusive approach.</p> <p>The capital programme supports buildings and grounds works, the schools devolved capital budget for 2017/18 was £992,000.</p> |

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| <p>of the appropriate standard which obviously comes at a cost.</p> <p>Where schools are asked to take children by their Access panel, unless these children have statements or EHCP there is no funding to support the time and resources needed to support these children and their transition. AWPU funding doesn't follow the children that we are asked to take.</p> | <p>This is the operating model. Any concerns should be raised at the appropriate cluster meetings and with Schools Forum Representatives.</p> |
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