**SCHOOLS FORUM – 11th July 2019**

**“Scheme for Financing Schools”** **for NELC Schools**

1. **PURPOSE**

The purpose of this report is to advise maintained school representatives of an update to the “Scheme for Financing Schools” following a number of EFA directed revisions. In respect of the Manual of Financial Guidance then this will be updated in due course.

1. **BACKGROUND**

The local Scheme for Financing Schools (which applies to all schools whilst they continue to be maintained) must be approved by the local Schools’ Forum’s maintained school representatives.

This requirement is in: *Schemes for Financing Schools: Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act*.

All maintained schools are required to follow the Manual of Financial Guidance.

The DfE will from time to time publish directed revisions, these are mandatory and must be included in the local scheme.

1. **SUMMARY OF CHANGES**

In March 2018 and February 2019 the DfE published the “Schemes for financing schools: Statutory guidance for local authorities” documents.

The March 2018 document contained minor and / or cosmetic changes which did not generally impact of the LA’s maintained schools and therefore it was decided to incorporate these when further changes were announced. The later document (February 2019) included further revisions which made updating timely.

A summary of the changes are provided below:

* Section 2.4 – Efficiency and Value for money – updated to include the importance for schools to review current expenditure and compare it to other schools.
* Section 2.9 – Register of business interests – updated to ensure that schools hold details of any other education establishments they govern and detail any relationships between school staff and members of the governing body.
* Section 3.6 - Borrowing by Schools – updated to include finance leases.
* Section 4.10 – Loan Schemes updated to reflect the position regarding loans to assist schools in spreading the costs of one-off capital expenditure. It remains that North East Lincolnshire Council currently does not operate a loan scheme.
* Section 11.13 – updated to reflect the current position regarding the charging of redundancy and early retirement costs to school budgets.

The updated “Scheme for Financing Schools” will be circulated to all schools and will be posted on the Council’s website.

In respect of the Manual of Financial Guidance then this will be updated following the financial systems upgrade which is due to take place across the summer.

1. **RECOMMENDATION**

It is recommended that the revisions are noted by the maintained representatives. No formal approval or voting is necessary as these are mandated changes.

David Kirven

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11th July 2019