

Circulated to Governors prior to FGB 21.01.19

The Scheme for Financing Schools has been approved and a copy circulated to Governors with this document as reference to the changes made.

Hampshire County Council

Schools Forum

Item 8

15 October 2018

Scheme for Financial Management of Schools – proposed update

Report of the Director of Corporate Resources – Corporate Services and Director of Children’s Services

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1 Summary

- 1.1 Hampshire’s Scheme for Financial Management of Schools was last published in 2015 and needs to be updated to ensure currency and to reflect updated statutory guidance from the Department for Education (DfE). This paper explains the changes.
- 1.2 Schools Forum is asked to agree to all maintained schools being consulted on the proposed revision, with a view to the outcome being reported to Schools Forum in December prior for approval.

2 Background

- 2.1 As required by the School Standards and Framework Act 1998, the scheme sets out the financial relationship between the County Council and the maintained schools it funds. It contains requirements relating to financial management and associated issues, binding on both the authority and schools.
- 2.2 Changes to the scheme are subject to consultation with all schools, and approval by Schools Forum (members representing maintained schools only). Following approval, all maintained schools will be given the opportunity to comment with a view to asking Schools Forum to agree to the changes in December.
- 2.3 Hampshire’s scheme was last revised in 2015. Updates to DfE statutory guidance, as well as a need to clarify financial reporting processes and a number of minor revisions, have made this update necessary.
- 2.4 The opportunity has also been taken to include a number of “housekeeping” changes which do not change its meaning, and to make a few (non-statutory) changes that will rationalise the overall system.
- 2.5 For the vast majority of schools, this proposed revision makes no material difference to any existing practices.
- 2.6 The existing version of the Scheme for Financial Management is at:
<https://www.hants.gov.uk/educationandlearning/schoolbudgetshares/schemefinancingschools>

2.7 The statutory guidance is at:

<https://www.gov.uk/government/publications/schemes-for-financing-schools>

3 Details of changes

3.1 A small number of substantive changes have been made to the scheme to reflect changing requirements or where further details are required to ensure better understanding of the requirements or obligations.

- **Document Title** – The document name has been amended from the Scheme for Financial Management of Schools to the Scheme for Financing Schools. This is to provide greater clarity and ensure consistency with the nationally used naming convention
- **Payroll services** – Appendix A of the scheme details the required submission of returns for those schools not using Hampshire County Council's payroll systems. A number of changes to HMRC requirements, pension requirements and the introduction of the apprenticeship levy has added to the level and complexity of the information required.
- **Deficit budgets**. With the increased risk of schools falling into deficit as a result of the challenging financial situation, further clarity is provided regarding the actions the deficit approval process and the actions the school will be required to take. A link is also provided to the detailed deficit procedures for further information.

3.2 There are also a number of minor changes merely clarify existing points, are updates following changes to the funding system, or give more freedom to schools. These include:

- **Income from school activities** - There have been a number of revisions to the DfE requirements around the treatment of income from school activities which has caused some confusion. A link is now provided to the current DfE guidance document as a useful reference to ensure compliance.
- **Community facilities** - Following previous revisions to the scheme allowing greater flexibility for schools to spend their budget shares on community facilities, section 13 has been further updated to better reflect this practice. The requirements for consultation has also been updated to reflect current organisations and County Council service names.
- **Repairs and maintenance** – A number of minor changes have been made including updates to grant and contract terminology.
- **Responsibility for redundancy and early retirement costs** – Minor amendments have been made to clarify the responsibilities in a number of specific circumstances, in particular, shared staffing arrangements.

3.3 A copy of the proposed updates scheme is provided in Appendix 1.

4 Recommendations

- 4.1 It is recommended that Schools Forum agrees to all maintained schools being consulted on implementation of the proposed revised Scheme for Financial Management, with the outcome of the consultation reported to the Schools Forum meeting in December 2018.