



# Brent

## Schools Forum 17<sup>th</sup> September 2014

Report from the Strategic Director of  
Children & Young People

For Consultation

### Scheme for Financing Schools & Schools Financial Regulations

#### 1.0 Scheme for Financing Schools 2014-15

- 1.1 Local Authorities are required to publish schemes for financing schools which clearly sets out the financial relationship between the Local Authority and the schools they maintain.
- 1.2 When making changes to the scheme, Local Authorities are required to consult all schools within their remit, and to obtain approval from the Schools Forum prior to implementation. Only Schools Forum members representing maintained schools can approve changes. All changes have been made in line with statutory guidance issued by the DfE, which has been attached as a Background Paper.
- 1.3 Please note that since the last update of this guidance, Pupil Referral Units (PRUs) are now covered by this guidance due to legislative changes, and are required to comply with this guidance.
- 1.4 Within this guidance any reference to the LA refers to London Borough of Brent/Brent Council as the Local Authority, and all references to the Act refers to the School Standards and Framework Act 1998. The reference to schools throughout this guidance refers to the Governing Body of each school, unless authority has been delegated to the Head Teacher of that school.
- 1.5 The changes to the previous scheme that are being consulted on are:  
*(Where changes are not substantial, these have not been listed, e.g. where wording has changed, or where slightly more explanations have been provided)*

#### Section 1: Introduction

- 1.2.1 Application of the Scheme – *Updated:* To include all maintained schools, including PRUs, but does not apply to academies.
- 1.3 Publication of the Scheme – *Updated:* There is now a requirement to publish the scheme on the council's website which is accessible to the

general public, and it should be clear what date the scheme comes into effect.

- 1.5 Delegation of Financial Powers to the Head Teacher – *Updated*: Whilst Brent has no desire to impose uniformity on schools, this section now includes a list of suggestions on good practice regarding the levels of delegation of authority that should be considered to be given to Head Teachers by the Governing Body.
- 1.7 Community Facilities in Schools – *Removed*: This section has been removed as per the new guidance.

## Section 2: Financial Controls

- 2.1.2 Provision of Financial Information and Reports – *Updated*: To reflect the requirements that schools are already complying with – a monthly FIN1, a termly budget monitoring and quarterly VAT returns. Also explains when more frequent submissions may be required.
- 2.1.3 Payment of Salaries; Payment of Bills – *New*: This explains the requirement for schools in relation to paying bills and salaries.
- 2.1.4 Control of Assets – *Updated*: To provide more detailed guidance.
- 2.1.6 Writing off of Debts – *Updated*: This now reflects the council policy on the writing off of bad debt. Debts should only be written off with the approval of the full Governing Body, and where this debt exceeds £1k approval must be sought from the Chief Finance Officer. If the debt exceeds £3k this will also be reported to the LA's Cabinet.
- 2.4 Efficiency and Value for Money – *Amended*: Previously a statement of Best Value was required to be submitted with the annual budget. Instead, this section explains that schools must seek to achieve efficiencies and value for money, and that they are able to demonstrate that they are following best value principles in their expenditure, if required.
- 2.10 Purchasing, Tendering and Contracting Requirements – *Updated*: To provide more detailed information on when schools should seek quotes, tenders or approval from the council's Cabinet in the procurement of supplies, services and works. The values that determines high value contracts for which approval must be sought from the LA's Cabinet prior to starting the procurement process have been updated to reflect the council's policy - £250k for supplies and services and £500k for works.
- 2.16 Schools Financial Value Standard – *Amended*: This replaces the previous section on Financial Management Standard. All maintained schools with delegated budgets are required to submit this to Brent before 31<sup>st</sup> March each year.
- 2.17 Fraud – *New*: This explains that schools must have a robust system of controls in place to prevent fraud and to prevent the improper use of public funds and assets.
- 2.2.1 Consistent Financial Reporting – *Removed*: This section has been removed as per the new guidance.

## Section 3: Instalments of the Budget Share; Banking Arrangements

- 3.1 Frequency of Instalments – *Updated*: This now reflects that schools are no longer on the Brent Payroll system, and now all instead use

external payroll providers. All references to central payroll and the frequency of such payments have therefore been removed.

- 3.2 Proportion of Budget Share payable – *Separated*: This has been separated from 3.1 above and explains the pattern of payment and how schools can request a variation to this.
- 3.3 Interest Clawback – *New*: This explains that the LA reserves the right to charge schools in relation to loss of interest incurred by making funds available in advance, where a school has requested a variation to their standard monthly payment profile.
- 3.3.1 Interest on Late Budget Share Payments – *New*: This confirms that the LA will pay interest to schools where budget share instalments are made late as a result of an error made by the LA.
- 3.6 Borrowing by Schools – *Separated*: This has been separated from 3.5 and explains the restrictions on borrowing by schools.
- 3.7 Other Provisions – *New*: This section explains that schools retain their delegated income and the basic requirements for accounting for non-official (private or voluntary) funds.

Section 4: The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares

- 4.6.2 Financial Assessment and Challenge – *Removed*: This section has been removed as per the new guidance. This is no longer relevant.
- 4.6.3 Use of School Standard Grant – *Removed*: This section has been removed as per the new guidance. This is no longer relevant
- 4.8 Balances of Closing and Replacement Schools – *Updated*: This explains that when a school closes, any balance will revert to the LA, *except* where the school becomes an academy where the surplus balance will transfer to the new academy.
- 4.9 Licensed Deficits – *Updated*: This now reflects the revised Licensed Deficit Policy agreed by the Schools Forum in June.
- 4.10.1 Credit Union Approach – *New*: This explains that schools can group together to utilise balances if it so wishes, but that they must provide the LA with audit certificates.

Section 5: Income – No changes

Section 6: The Charging of School Budget Shares – No changes

Section 7: Taxation – No changes

Section 8: The Provision of Services and Facilities by the LA – No changes

Section 9: PFI Schemes

Worked examples and calculations have been removed, as these are not relevant to most schools in Brent.

Section 10: Insurance – No changes

Section 11: Instalments of the Budget Share; Banking Arrangements

- 11.7 Delegation to New Schools – *Removed*: This section has been removed as per the new guidance. This is no longer relevant.
- 11.8 Optional Delegated Funding – *Removed*: This section has been removed as per the new guidance. This is no longer relevant.

- 11.8 Interest on Late Payments – *New*: This explains that schools are required to ensure compliance with legislation regarding interest on late payments, with an explanation of the legislation.
- 11.11 Redundancy/Early Retirement Costs – *New*: This section makes it clear when the LA will or won't fund school's redundancy costs, and is supplemented by the Schools Redundancy Funding Policy approved by the Schools Forum in June.
- 11.12 School Meals – *Removed*: This section has been removed as per the new guidance.
- 11.13 General Teaching Council Fees – *Removed*: This section has been removed as per the new guidance. This is no longer relevant.

Section 12: Responsibility for Repairs and Maintenance – No changes

Section 13: Community Facilities – No changes

Annex A: This is the list of all schools maintained by Brent, as at 1<sup>st</sup> September 2014, to which this guidance applies.

- 1.6 The Schools Forum is asked to approve the revised Scheme for Financing Schools in its entirety. If approved, this will come into effect immediately and will be distributed accordingly to schools for their awareness and implementation.

## **2.0 Schools Financial Regulations 2014-15**

- 2.1 The Schools Financial Regulations are supplementary to the Scheme for Financing Schools and the Council's own Financial Regulations, and must be in line with both. These regulations have therefore been updated to reflect these, and to be more comprehensive.
- 2.2 The objective of this guidance is to provide more detailed financial guidance to the Scheme for Financing Schools and to specify the procedures and key control measures that must be implemented in schools to ensure public accountability and reductions of financial risk. The Regulations also sets out the responsibilities of the LA in relation to schools, and of the Governing Body and Head Teachers where delegated.
- 2.3 The Regulations cover:
  - Budget Management;
  - Leasing, Loans & Financial Arrangements;
  - Accounting Responsibilities;
  - Income and Expenditure Controls;
  - Risk Management and Control of Resources;
  - Procurement and Contracts;
  - Investments and Trust Funds;
  - Custody of Third Party Property;
  - Estates;
  - Retention of Documents;
  - Non-Official Funds;
  - Information Systems.

- 2.4 The Schools Financial Regulations will be submitted to the LA's Cabinet for approval, following this consultation with the Schools Forum. The Schools Forum is therefore asked to comment on the revised regulations.
- 2.5 Where additional policies or documents have been referenced, other than statutory national guidance, these will be included in the Schools Finance Manual to be issued later in the financial year.

### **3.0 Recommendations and Consultation points**

- 3.1 The Schools Forum is requested to:
  - a. Approve the Scheme for Financing Schools 2014-15.
  - b. Comment on the Schools Financial Regulations 2014-15.

### **Appendices**

- A. Scheme for Financing Schools 2014-15
- B. Schools Financial Regulations 2014-15

### **Background Papers**

- 1. Schemes for Financing Schools: Statutory Guidance for Local Authorities – February 2014  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/284968/Schemes\\_for\\_financing\\_schools.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284968/Schemes_for_financing_schools.pdf)

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