

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	18 th October 2018	AGENDA ITEM:	8
TITLE:	Scheme for Financing Schools Update		
SERVICE:	Children's, Education & Early Help Services	WARDS:	All
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 This report sets out the proposed changes to the Scheme for Financing Schools, which will require approval by the Schools' Forum.

2. RECOMMENDED ACTION FOR SCHOOLS FORUM

- 2.1 **AGREE:** The amendments proposed to the Scheme to go out to consultation with all maintained schools.
- 2.2 **NOTE:** The next steps required in order to approve the revised scheme.

3 POLICY CONTEXT

- 3.1 The Council has strategic aims to establish Reading as a learning city and a stimulating and rewarding place to live and visit, to promote equality, social inclusion and a safe and healthy environment for all. Education and the funding of education is a key factor in the achievement of this aim.

4 BACKGROUND

- 4.1 The Scheme for Financing Schools is a statutory document and all local authorities are required to publish their Scheme. It sets out the financial relationship between them and the schools they maintain.
- 4.2 The Department for Education (DfE) set out the provisions which the Scheme should or may include. In making changes to their Schemes, local authorities

must consult all schools in their area and receive the approval of the members of Schools' Forum representing maintained schools.

- 4.3 The last update to Reading Borough Council's Scheme was in January 2014. The statutory guidance was last updated by the DfE in March 2018, and a number of statutory changes are required to be made.

5. CHANGES TO THE SCHEME

- 5.1 Appendix 1 contains the current Scheme with the proposed changes highlighted. Changes highlighted in green are statutory changes, whilst those in yellow are local discretionary changes. Schools' Forum is invited to review these changes and make comment before the Scheme goes out to consultation with all maintained schools.

- 5.2 The main changes are summarised as follows:

Statutory:

- Purpose of Loans (section 4.10) - can only be used to assist schools in spreading the cost of a one off individual item of a capital nature, and cannot be used to fund a deficit.
- Updated wording throughout to reflect changes, mainly due to updates of the Schools and Early Years Finance (England) Regulations 2018.

Local Discretionary:

- Budget plans (paragraphs 2.8 & 2.9). Requirement to submit the annual budget plan by 1st May rather than 31st May. It is deemed good practice to have the budget in place as early in the financial year as possible. Also making it a requirement to submit 3 to 5 year plans to provide an early warning on schools likely to go into financial difficulty if they don't take remedial action.
- Voluntary funds (paragraph 2.14). Additional clarification on whether a school needs to register with the Charity Commission.
- Surplus balances (paragraph 4.2). Schools' Forum to review whether it still wishes to operate a full balance control mechanism given the DfEs advice on this - that schools should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. It is therefore proposed that there will be a more light touch approach, and the focus should only be on those schools which have built up significant excessive balances year on year. A report will still be brought to Schools' Forum listing all school balances and showing the balance as a percentage of the delegated school budget.
- School deficits (paragraph 4.9). The requirements for schools submitting a deficit budget have been added in full.

6. NEXT STEPS

- 6.1 Schools' Forum to agree the Scheme changes to go out to consultation with schools.
- 6.2 Schools will be consulted between mid-October and mid-November.
- 6.3 The Scheme will be brought back to Schools' Forum in December for final approval, to take into account any comments received from schools.
- 6.4 The new scheme will be published on the Council's website and circulated to all maintained schools in January 2019.

Appendices

Appendix 1 - Reading Borough Council Scheme for Financing Schools