



## Agenda Item 8

Report to: Schools Forum

Date: 11th May 2018

Title of Report: Update to the East Sussex Scheme for Financing Schools

By: Sarah Rice, Finance Manager

Purpose of Report: To consult the Schools Forum and seek approval to make changes to the Scheme for Financing Schools in line with Department for Education (DfE) guidance.

---

### Recommendation:

Maintained School members to note and approve the changes to the East Sussex Scheme for Financing Schools.

---

## 1. Background

- 1.1** The School Standards and Framework Act 1998 states that every Local Authority (LA) must have a Scheme for Financing Schools. This Scheme defines the financial relationship between the LA and the maintained schools in its area. Schemes cover a wide range of areas and include items such as accounting, banking and audit arrangements.

The Scheme for East Sussex County Council is based on the model scheme produced by the DfE and can only be amended either by changes directed by the Secretary of State or following consultation with the Schools Forum.

## 2. Secretary of State Directed Revision 22 March 2018

- 2.1** The Secretary of State may by a direction revise the whole or any part of the scheme, after consultation with local authorities in England.
- 2.2** On 22<sup>nd</sup> March following consultation, the Secretary of State has directed that the following text shall be incorporated into the schemes of all local authorities in England:

*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.*

- 2.3** The above text has been included in section 4.10.2 of the revised East Sussex Scheme. (Appendix 1)

### **3. Additional Minor Updates**

- 3.1** In line with updates to the statutory guidance for local authority schemes of finance a small number of additional minor amendments have been made.

- 3.2** Amendment to the wording from section 2.3.

The section previously read: *“The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.”*

Regulations no longer allow authorities to issue budget shares for a multi-year period, East Sussex continues to issue indicative estimates for budgets for 2 years beyond the current planning period, but these are purely estimates and are subject to change.

This section now reads: *“The LA may require schools to submit a financial forecast covering each year of a multi-year period. The number of years specified will not place undue burden on schools and will usually be 3 years. The forecasts will be used as evidence that schools are undertaking adequate financial planning and may be used in conjunction with the authority’s balance control mechanism.”*

- 3.3** Within Paragraph 6.2.17 ‘statement of special Educational needs’ has been replaced with ‘Education Health and Care Plan’.

- 3.4** Appendix A of the Scheme contains a listing of the schools maintained by East Sussex County Council and covered by the scheme, this has been updated to reflect the status as at 1<sup>st</sup> April 2018.

### **4. Action Required**

- 4.1** The amendment outlined in section 2.2 is a directed amendment and so is to be noted by maintained school members, approval is not required as the local authority is obliged to include this in the scheme.

- 4.2** Approval is sought from maintained school members of the minor amendments included in section 3 of this paper.