

7. Changes to the Scheme for Financing Schools

Introduction

7.1 The Scheme for Financing Schools under s48 of the School Standards and Framework Act 1998, governs the relationship between the LA and the schools it maintains. Any changes to the Scheme must be subject to consultation with school governing bodies and approval of the Schools Forum and the Council.

7.2 Consultation has been undertaken with schools over the period 9 November to 16 December 2016 but no comments were received. Changes are required in four areas. A summary is set out below and details of the change in wording of the Scheme are attached as Appendix 3.

Payment of Salaries

7.3 Paragraph 2.3 of the scheme 'Payment of Salaries' states the following:

"Salaries

All Community school employees must be appointed and paid in accordance with the relevant national conditions of service."

The Council plans to introduce a Unified Reward scheme for Council staff and non-teaching staff in Community schools in April 2017. For this to be implemented the Scheme will need to be amended as follows:

"Salaries

All Community school non-teaching employees must be appointed and paid in accordance with the relevant London Borough of Barnet salary scales and conditions of service. All Community school teaching employees must be appointed and paid in accordance with the relevant national conditions of service."

Submission of Budget Plans

7.4 The Scheme provides that the LA may require schools to submit a budget forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year, in a format prescribed by the CFO.

7.5 The DfE operate on a one year cycle and thus budget shares are not issued beyond a year. A change is required to allow the LA to require schools to prepare 3 year budgets based on reasonable assumptions and present them to the LA when requested.

Medium term plans are required under the Schools Financial Value Standard and LA access to these is essential to enable challenge of schools and prevent deficits or excessive surpluses.

Audit

7.6 The Scheme currently states that each school will be audited on a three year cycle and to give the Council more flexibility it is proposed to change this to

“Each school will be audited on a three *to five* year cycle, *depending on a risk assessment of that school*, unless the circumstances of a school require an audit on a more frequent basis.” In addition, it is proposed to make other minor changes to wording and delete reference to the Audit Commission in respect of external audit.

7.7 Other changes are required in line with proposals made to the council’s Audit Committee in July 2015 to deal with non-implementation of high priority recommendations within agreed timescales or not responding to the request for a follow-up visit. The school may receive a Notice of Concern and further reports to the Audit Committee.

Responsibility for Repairs and Capital Work

7.8 Currently the Scheme for Financing Schools states that building works costing above £5,000 and ICT purchases above £2,000 are capital expenditure. Capital expenditure in Voluntary Aided schools is VA Governors’ or Trustees’ responsibility.

7.9 The level for building works was that set when the Scheme was initiated in 1999. The level for ICT purchases was introduced when schools had significant capital grants (Devolved Formula Capital) and so its funding was not problematic. However ICT purchases of a small amount say £3,000 or £4,000 would not normally meet capital expenditure criteria of long term durability and value.

7.10 It is therefore proposed to increase the level for Building Works to £6,000 and the level for ICT purchases also to £6,000. This would enable all schools including VA schools to pay for building works or purchase ICT equipment etc. up to £6k from revenue funds. This would alleviate the present position which appears to penalise VA schools as VA schools’ governing bodies cannot recover VAT on their capital expenditure.

Decision Required

The Forum is asked to agree the proposed Scheme changes.