

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Scheme for Financing Schools

Report of: Directorate Finance Lead – Children’s and Schools

Summary

The Scheme for Financing Schools sets out the financial relationship between the Council and the schools it maintains. Any changes to the Scheme need to be agreed by members of the Schools Forum representing maintained schools. Schools Forum is presented with a series of proposed changes following an officer’s review of the current Scheme compared to the model Scheme provided to the Council by the Department for Education.

Recommendations

The Scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Manchester and the Council. The proposed revisions reflect statutory changes and changes to the DfE guidance on schemes for financing schools effective from April 2019. The revisions also include changes to ensure the Scheme reflects current practices and desired ways of working. The Council will keep the Scheme under review and stakeholders are invited to comment on the Scheme at any time to the Council.

Forum is asked to comment and note that the consultation will be shortly launched. The responses on the consultation will be brought back to Forum in May 2019.

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Background documents (available for public inspection):

None.

1. INTRODUCTION

- 1.1 Members of Forum representing schools maintained by Manchester Council are asked to agree changes to the Scheme. These relate to changes in budget submission requirements for maintained schools, changes to update text as set out in Appendix one of this report.
- 1.2 A consultation will be launched on the proposed changes to the scheme in a report. Results of the consultation will be brought back to Forum before any changes are made and ratified by Forum.

2. SCHEME FOR FINANCING SCHOOLS CHANGES

- 2.1 The Scheme for Financing Schools sets out the financial relationship between the Authority and the schools it maintains.
- 2.2 Regulations require that any changes to the Scheme are approved by members of School Forum representing maintained schools. Maintained Schools Forum members are asked to comment on the proposed changes.
- 2.3 Following a review of the Scheme, the Council plans to consult on:
 - changing the requirement for schools to submit a budget with underlying assumptions by the 30th June and a financial forecast for the following two years.
 - making a number of changes to remove obsolete text, align the Scheme with the DfE outline Scheme and update roles and references to legislation or regulations.
 - 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.
 - cash advances and not loans will be used as a means of ensuring a school has sufficient funds where it has arisen because a school's recurrent costs exceed current income.

3. CONSULTATION

- 3.1 The proposed changes to text are set out in the table one. A full proposed Scheme will also published alongside the consultation. The Consultation will open on 19th March 2018 and closed on 30th April 2019. It will be sent directly to maintained Head Teachers. Responses need to be sent to finance4schools@manchester.gov.uk. If there are any queries please contact finance4schools@manchester.gov.uk. The proposed revised scheme will incorporate the new excessive schools balances mechanism, which is being discussed in another paper (Item 5) in the agenda.
- 3.2 A report on the consultation responses will be given to Schools Forum on the 13th May 2019. The updated scheme will come into effect after this meeting.

4. RECOMMENDATIONS

- 4.1 The scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Manchester and the Authority. The proposed revisions reflect statutory changes and changes to the DfE guidance on Council schemes for financing schools effective from April 2019. The revisions also include changes to ensure the scheme reflects current practices and desired ways of working. The Authority will keep the scheme under review and stakeholders are invited to comment on the scheme at any time to the Council.
- 4.2 Forum is asked to comment and note that the consultation will be shortly launched. The responses on the consultation will be brought back to Forum in May 2019.

Appendix one

| | Paragraph of Scheme | Reason for Change | Change | Financial Impact |
|---|---------------------|-------------------------------------|---|------------------|
| 1 | Throughout document | Update | Update of Director of Education Services title and other MCC roles | None |
| 2 | Throughout document | Update | Update to website links and statutory guidance | None |
| 3 | 2.3 | Revision | Require schools to submit multi-year budget plans and to underlying assumptions on which financial plans were based. | None |
| 4 | 2.9 | Directed Revision and clarification | <p>Register of business interest. DfE directed revision requires schools register to include:</p> <p>Details of any other educational establishments that the head teacher they govern.</p> <p>Any relationships between school staff and members of the governing body.</p> | None |
| 5 | 2.10.1 | Clarification | Application of contracts to schools outlining that governing bodies are empowered to enter into contracts, but in most cases do so on behalf of the Local Authority. | None |
| 6 | 3.2 | Revision | <p>A number of schools have requested school budget share payments are made in 12 equal instalments at the start of the month.</p> <p>Currently the first instalments is 10.405% and then 8.145% for the remaining 11 payments, The consultation seeks schools view on changing the payment profile to 12</p> | None |

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| | | | equal instalments. | |
| 7 | 3.6 | Directed Revision and clarification | Update to add that Salix loans are permissible (alignment with DfE outline Scheme) | None |
| 8 | 4.9 | Directed Revision | <p>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.</p> <p>Cash advances and not loans will be used as a means of ensuring a school has sufficient funds where it has arisen because a school's recurrent costs exceed current income.</p> | None |
| 9 | 8.3 | DfE Proposed Inclusion | <p>Schools will have a month to consider the terms of Service Level Agreements (SLAs).</p> <p>SLAs starting on or after the inception of the scheme will be reviewed at least every three years.</p> | None |
| 10 | 11.1 | DfE Required Inclusion | The costs of individual school staff attending child protection case conferences and other related activity will be met from the school's individual budget. | None |
| 11 | 13.1 | DfE Proposed Inclusion | <p>Responsibility of repairs and maintenance lies with schools via use of delegated budget shares.</p> <p>Capital expenditure is to be retained by authorities.</p> | None |