



North Northamptonshire Schools Forum: 2<sup>nd</sup> November 2023

Agenda Item 3

Scheme for Financing Schools 2023-24 & 2024-25

**Appendices**

**Appendix A – Scheme for Financing Schools 2023-24 v2 & 2024-25**

**1 Background**

- 1.1 It is a requirement for each local authority to have a Scheme for Financing Schools. The scheme sets out the financial relationship between NNC and the schools.
- 1.2 The Scheme for Financing Schools includes provisions for banking, accounting, and audit arrangements. The Department for Education has provided guidance on what should be included in these schemes, which can be accessed through the following link: <https://www.gov.uk/government/publications/schemes-for-financing-schools>
- 1.3 The purpose of this report is to highlight to Schools Forum that The Scheme previously presented and agreed has been amended following recommendations from Internal Audit and needs to be approved by Schools Forum.

**2 Changes to the Scheme for Financing Schools**

- 2.1 The Internal Audit report identified several changes to the Scheme for Financing Schools. The document has been revised to incorporate the recommendations outlined in the report and ensure compliance with the Department for Education (DfE). One of the key issues addressed was the omission of the required list of Maintained Schools in North Northamptonshire, which has now been included in the updated version of the document.
- 2.2 The proposed amendments are set out Table A and the School Forum is asked to agree the proposed amendments.

<b>Table A – Proposed Changes</b>		
<b>Section</b>	<b>Current Scheme</b>	<b>Proposed Amendment as per Audit Recommendation</b>
Section: 1.3 – Application of the scheme to the local authority and maintained schools “The schools which the local authority will be maintaining should be listed for	Previous scheme did not include an appendix listing maintained schools.	Appendix A incorporates a list of maintained schools.

information in an annex to the scheme.”		
Section 2.9 – Submission of budget plans. Local authorities may insert in their schemes a requirement that provisional budget plans be submitted by a certain date; but these should be differentiated from the formal budget plan which should not be required before 1 May.	DFE SFFS states, “not be earlier than 1 May” whereas NNC SFFS states, “by 1 <sup>st</sup> May”. Needed clearer interpretation of budget submission date.	Amended to reflect the changes; proposed Scheme now states by 1 <sup>st</sup> Friday in May.
Section 2.13: - Audit: General	“All schools are within the remit of NNC Internal Audit who will periodically review the frequency of audit visits in the light of risk assessment. Currently all maintained primary, nursery and special schools form part of a thematic audit process.”	The explicit mention of the secondary school was unintentionally omitted. This oversight has since been rectified to ensure precision, with the inclusion of the maintained secondary school for accuracy
Section 2.16: - Register of business interests	“This register must be kept up to date through notification of changes and through annual review of entries. The register must be available for inspection by governors, staff, parents and NNC.”	Revised the criterion for posting the register on the school website which wasn’t there previously
Section 2.19 – Purchasing, tendering, and contracting arrangements “The scheme should include a provision barring the local authority from making any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific grant.”	Not mentioned in the original scheme	Modified to align with the DfE Scheme, incorporating detailed guidance on the procurement, tendering, and contracting processes. “Schools are required to abide by NNC financial regulations and standing orders in purchasing, tendering, and contracting matters. This includes a requirement to assess in advance, the professional competence of any contractors in areas such as compliance with health

		and safety regulations, safeguarding practices and so on, taking account NNC’s policies and procedures”
Section 3.6 – Restrictions on accounts “The scheme should allow schools to have accounts for budget share purposes which are in the name of the school rather than the local authority. However, if a school has such an account the scheme should require that the account mandate provides that the local authority is the owner of the funds in the account, that it is entitled to receive statements, and that it can take control of the account if the school’s right to a delegated budget is suspended by the authority.”	Missing information about requiring the account mandate to provide the local authority as the owner etc.	Revised the account mandate requirement to specify the local authority as the owner of the bank accounts and authorised signatories should include at least two authorised local authority employees to be authorised signatories also.
Section 3.6 – Restrictions on accounts “Budget share funds paid by the local authority and held in school accounts remain as authority property until spent.”	Incomplete details regarding the management of unspent school budget share funds remaining as authority property until expended.	The Scheme has been amended to explicitly state that it retains the status of authority property until fully expended.  “Budget Share funds paid by the local authority and held in school accounts remain authority property until spent. “
Section 3.6 – Restrictions on accounts “Schemes may contain a provision restricting the signatories for bank accounts, but such provisions should allow at least local authority employees and school	The statement lacked clarity and was in contradiction with the DFE’s scheme. “A minimum of two cheque signatories are required for the local bank account; however, these do not have to be NNC employees.”	Added a provision allowing at least two authorised local authority employees to act as authorised signatories.  “A minimum of two cheque signatories are required for the local bank account; however,

<p>employees to be signatories.”</p>	<p>Potentially conflicting – gov.uk SFFS suggests provision should allow at least local authority employees to be signatories</p>	<p>provision should allow at least two authorised local authority employees to be authorised signatories also.”</p>
<p>Section 3.6 – Restrictions on accounts “The scheme should specify which banks or building societies accounts may be held with for the purpose of receiving budget share payments. The approved list should be consistent with the local authority’s treasury management policy.”</p>	<p>Missing information on which banks or building societies accounts may be held and about being consistent with NNC’s treasury management policy.</p>	<p>Link added to the Treasury Management Strategy Statement</p>
<p>Section 3.6 – Restrictions on accounts “Schemes may explicitly bar schools from using interest bearing credit cards and overdrafts, which are regarded as borrowing. However, they should encourage the use of procurement cards by schools, as these cards can be a useful means of facilitating electronic purchase. Schemes may also wish to permit the use of credit or charge cards.”</p>	<p>“Schools are encouraged to make use of credit cards as these provide a useful means of facilitating electronic purchases.”</p>	<p>Updated to encourage schools to use procurement cards as well as credit cards as a means of facilitating electronic purchases.</p>
<p>Section 4.2: - Controls on surplus balances</p>	<p>“Controls on surplus balances...4. if the result of steps (1) – (3) is a sum greater than 10% of the current year’s budget share for primary, nursery and special schools, then the Authority shall deduct from the current year’s</p>	<p>The explicit mention of the secondary school was unintentionally omitted. This oversight has since been rectified to ensure precision, with the inclusion of the maintained secondary school for accuracy.</p>

	budget share an amount equal to the excess”	
<p>Section 4.10 – Asset Purchase (Loan) Scheme)</p> <p>The scheme should explain the basis on which the amount of any balance to be transferred to a school’s bank account would be calculated on a provisional basis for a school having a new bank account, and the date by which the transfer would occur, pending a later reconciliation.</p>	<p>Loan scheme was not mentioned in NNCs SFFS.</p>	<p>Except for Asset Purchase (Loan) Scheme, NNC does not operate a loan scheme in accordance with section 6.10 of the DfE guidance.</p>
<p>Section 11.3 – Governors expenses “Under section 50(5) of the act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school’s delegated budget share.”</p>	<p>“Under schedule 11 of the SSAF Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school’s delegated budget share.”</p>	<p>Issue with phrasing and therefore amended the wording to comply with audit requirement and remove ambiguity.</p>
<p>Section 13.16 – Criminal records clearance “The scheme should contain a provision which places on the governing body responsibility for the costs of securing Disclosure and Barring Service clearance, where appropriate for all adults involved in community activities taking place during the school day.”</p>	<p>“The governing body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day.”</p>	<p>Updated to reflect now this is Disclosure and Barring Service</p>

### **3 Recommendations for Schools Forum**

- 3.1 Schools Forum is recommended to approve the changes outlined in Table A which has been incorporated into the Scheme for Financing Schools 2023-24 and 2024-25.

### **4 Next steps**

- 4.1 The next steps depend on the feedback given by Schools Forum voting members (maintained Schools representatives only) at this meeting, the amended schemes for Financing for Schools will then be published on the NNC website.

### **5 Financial implications**

- 5.1 There are no financial implications arising this report.

### **6 Legal implications**

- 6.1 The Scheme has been written using the Statutory guidance given by the Secretary of State pursuant to s.48 (4) and paragraph 2A (2) of Schedule 4 to the School Standards and Framework Act 1998, School Standards and Framework Act 1998.

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