

Appendix 1 – Proposed Revisions to the Cumbria LA Scheme for Financing Schools

Reason for the Amendment	Section	Current Requirement	Amended Requirement
DfE directed revision	1.1 The Funding Framework	After each financial year the authority must publish a statement showing outturn expenditure at both central level and for each school, and the balances held in respect of each school.	A copy of each year’s budget and outturn statement should be made easily accessible to all schools.
DfE directed revision	1.4 Revision of the Scheme	Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval.	Addition – It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.
DfE directed revision	2.1.4 Control of Assets	Schools are free to determine their own arrangements for keeping a register of worth less than £1,000, however, generally all non-consumable items having a value of £250 or more should be included in a register of some form	Addition - particularly anything that is portable and attractive, such as a camera.
DfE directed revision	2.4 Efficiency and Value for Money	Schools must seek to achieve efficiencies	Title changed to “School Resource Management” Wording replaced with “Schools must seek to have effective management of resources”
DfE Directed Revision	2.10 Purchasing, tendering and contracting requirements	N/A	Addition – Schools may seek advice on a range of compliant deals via https://www.gov.uk/guidance/buying-for-schools

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DfE Directed Revision	2.14 Capital spending from budget shares	Provision ensures compliance with the current School Premises Regulations and DfE Construction Standards, and health and safety legislation.	Removal of generic references to legislation and added references to specific legislation: School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010 and the Building Regulations 2010.
DfE Directed Revision	2.16 Schools Financial Value Standard (SFVS)	All maintained schools with a delegated budget must submit the form to the local authority before 31 st March 2013 and annually year after	Replace with – All maintained schools with a delegated budget must submit the form to the local authority before the end of the financial year on 31 st March
DfE Directed Revision	3.6 Borrowing by Schools	Governing bodies may borrow money only with the written permission of the Secretary of State. Bank account schools may not use credit cards as this counts as borrowing. However the use of debit or procurement cards is allowed.	Addition – and permission is only likely to be granted in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving. Bank account schools may use credit or charge cards, however, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis.
Change in legislation (Schools & Early Years (England) Finance Regulations 2020 Regulation 27(9))	4.8 Balances of closing and replacement schools	When a school closes, any balance (whether surplus or deficit) will revert to the authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.	Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

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DfE directed revision	4.10 Loan Schemes	N/A	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.
DfE directed revision	5.1 Income from lettings	Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. Schools are required to comply with the requirements in the Financial Regulations for Schools.	Addition - Where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.
DfE directed revision	6.2. Circumstances in which charges may be made	6.2.2 Other expenditure incurred to secure resignations or dismissal where the school has not followed authority advice	Replace with – 6.2.2 Other expenditure incurred to secure resignations or dismissal where there is good reason to charge this to the school.
DfE directed revision	8.1 Provision of services from centrally retained budgets	The authority is barred from discriminating in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties	Replaced with - The authority is barred from discriminating in its provision of services on the basis of categories of schools except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

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DfE directed revision	8.2 Provision of services bought back from the authority using delegated budgets	The term of any arrangement with a school to buy services or facilities from the authority shall be limited to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services. For contracts for supply of catering contracts, these timescales can be extended to five years and seven years respectively.	Replaced with - The term of any arrangement with a school to buy services or facilities from the authority shall be limited to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services. For contracts for supply of catering services, these timescales may be limited to a maximum of five years, with a maximum agreement of seven years if the contract is extended.
DfE directed revision	8.4 Teachers' Pensions	Teachers' Pension Regulations 1997	Replaced with – Teachers' Pension Scheme Regulations 2014. Removed reference to local authority "annual return" to Teachers' Pensions replaced with "monthly return".
DfE directed revision	10.1 Insurance Cover	If funds for insurance are delegated to any school, the authority may require the school to demonstrate that cover relevant to an authority's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the authority if the authority makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.	Addition - The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.
Change in legislation Children and Families Act 2014	13 Community Facilities	13.1 and 13.3 Schools which choose to exercise the power conferred by s.27(1) of the Education Act 2002 to provide community facilities are obliged to consult its authority and have regard to advice from the authority.	Removed requirement for schools to consult the authority and have regard to advice from the authority following changes made under the Children and Families Act 2014.

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LA proposed revision	Annex A – Schools to which the Scheme applies	N/A	Removed - A list of individual maintained schools. Subsequent Annexes re-named thereafter.
Change in legislation (Schools & Early Years (England) Finance Regulations 2018 Schedule 2 Part 7)	Annex G - Responsibility for Redundancy and Early Retirement Costs (formerly Annex H)	N/A	New insertion: The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.
LA proposed revision	Annex G - Responsibility for Redundancy and Early Retirement Costs (formerly Annex H)	To ensure consistency with the approach within the Council, for maintained schools, where the Council is the employer, compulsory redundancies in schools will be funded in the same way as for Council directorates, with schools bearing the full cost of these.	The Schools in Financial Difficulty element of the budget may be used to fund redundancy and severance costs where the following conditions are met: <ul style="list-style-type: none"> • The school has a significant falling rolls situation • Falling rolls are as a result of demographic changes which can be evidenced through modelling • The school can demonstrate it has planned the reduction/restructure in staffing and not let the schools deficit escalate with no action • The school has a deficit balance, or the costs of the redundancy would cause the school to go into deficit • The decision to make redundancies has been taken in close consultation with the Local Authority School Improvement, Finance and HR teams

			<ul style="list-style-type: none"> • The Local Authority has assurance of reasonable spending decisions in light of the budget/staffing reductions • The schools has followed the principles as set out in the Cumbria County Council redundancy and early release policy • The school can demonstrate the above through a detailed and robust business case <p>The Local Authority will not consider funding redundancy and severance costs where:</p> <ul style="list-style-type: none"> • The school has balances available i.e. the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit • The deficit has arisen for other reasons than a falling rolls situation, eg pressures caused by formula changes or impact of non-inflationary increases to budgets • The school cannot demonstrate it has planned the reduction/restructure in staffing and not let the schools deficit escalate with no action • The school has a surplus balance • The school has not taken Local Authority Advice, including School Improvement, Finance and HR
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Ending of de-delegated budget for Voluntary Redundancy Scheme agreed by Schools Forum on 30 th November 2016)	Annex G - Responsibility for Redundancy and Early Retirement Costs (formerly Annex H)	N/A	Deletion: The Schools in Financial Difficulty element of the budget is used to fund a Schools Forum approved Voluntary Redundancy Scheme for schools in financial difficulty. A copy of the scheme is found on the School Portal. As outlined in the policy, a Voluntary Redundancy Panel, comprising elected representatives from the Cumbria Schools Forum, reviews the applications and decides upon the award of voluntary redundancy.
LA proposed revision	Annex H – Financial Regulations for Schools (formerly Annex I)	N/A	Addition – Appendix D Becoming a Chequebook School – Procedures for applying for chequebook school status
LA proposed revision	Annex H – Financial Regulations for Schools, Section 2.4 (formerly Annex I)	Reports shall be submitted not less than quarterly to the governing body by the head, to show the latest position against budget	Replace with: Reports shall be submitted at least six times a year to the governing body by the head, to show the latest position against budget <i>(this brings the Financial Regulations for Schools in line with the requirements of the SFVS)</i>
LA proposed revision	Annex H – Financial Regulations for Schools, Section 5.1.2 (formerly Annex I)	N/A	Addition: 5.1.2 The Headteacher is responsible to the governing body, through a relevant committee if appropriate, for the management of the school’s financial position at an operational level.

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LA proposed revision	Annex H – Financial Regulations for Schools Appendix B Procedures for Taxation of Contractors	School governing bodies will be responsible for ensuring that the necessary checks and (where applicable) tax deductions and associated information are properly and accurately applied to those payments to contractors falling within the Construction Industry Tax Deduction Scheme	Removed – Appendix B – this requirement no longer applies to maintained school. Subsequent Appendices re-named thereafter.
LA proposed revision	Annex H – Financial Regulations for Schools, Section 5.2.1 (formerly Annex I)	N/A	Addition: 5.2.1 The governing body is responsible for approving the school’s budget plan prior to submission to the local authority by 31 st May annually. Other financial responsibilities may be delegated to a committee of the governing body. However, such a committee needs to be properly constituted and approved by the governing body with defined terms of reference and detailing the extent of any delegation. <i>(this brings the Financial Regulations for Schools in line with the requirements of the SFVS)</i>
LA proposed revision	Annex H – Financial Regulations for Schools Appendix B Procedures for Payroll Statutory and Other Deductions	1.1 Schools who have chosen to operate their own bank account have the choice of where to buy their payroll services (or whether to process their own payroll). Schools that do not operate their own bank accounts have the option of being in payroll services from either the County Council or CAPITA only.	1.1 Schools who have chosen to operate their own bank account have the choice of where to buy their payroll services (or whether to process their own payroll). Schools that do not operate their own bank accounts must use payroll services provided by one of the providers on the County Council’s framework contract for provision of payroll and HR administration only.
LA proposed revision	Annex K – Schools Financial Value Standard Checklist (new)	N/A	Addition – new Annex K linking the specific requirements under the SFVS checklist to the provisions in the LA Scheme and Annex H Financial Regulations for Schools