

Bristol Schools Forum
Revision to Scheme for Financing Schools
Consultation Response

Date of meeting:	30 th November 2021
Time of meeting:	5.00pm
Venue:	Virtual meeting

1 Purpose of report

- 1.1 This report provides information on the outcome of consultation on proposed revision to the Scheme for Financing Schools.
- 1.2 That Forum should note the Local Authority's (LA's) response to some of the comments expressed in the consultation responses.
- 1.3 That maintained schools members of the Forum should approve the scheme.

2 Recommendation

2.1 Schools Forum is invited to:

- a) **note the outcome of the consultation on proposed Scheme for Financing Schools**
- b) **Comment on the consultation responses**
- c) **Maintained school members to approve the revision to the proposed Scheme and to take effect from 01/04/2022**

3 Background

- 3.1 Local Authorities (LAs) are required to publish schemes for financing schools (the scheme) setting out the financial relationship between them and the schools they maintain.
- 3.2 In making changes to the scheme, other than directed revisions, LAs must consult all maintained schools in their area and receive the approval of the members of their school's forum representing maintained schools.
- 3.3 Bristol's current scheme was last updated in May 2017.
- 3.4 The purpose of this paper is to allow the Schools Forum to review the proposed scheme with the aim to approve it. If approved, the new scheme will take effect from 01/04/2022.
- 3.5 Prior to seeking Schools Forum approval, the proposed scheme was consulted upon with the wider body of maintained schools.
- 3.6 The consultation on proposed revision to the scheme was launched on the 5th of October 2021 and closed on the 8th November 2021.

3.7 The launch and information were promoted through the following channels:

- Headteacher's update: 5th October and 19th October 2021.
- Schools Forum members: 5th October 2021
- Direct emails to maintained Schools: 13th October 2021
- Bursars and Business Managers briefings
- Meetings with School representatives

3.8 The consultation document is available at this link [Consultation on Scheme for Financing Schools - Bristol - Citizen Space](#)

4 Consultation Response

4.1 Of the 69 LA maintained Schools at the launch of the consultation, only 11 schools responded when the consultation closed on the 8th November 2021. This represented 16% of the possible respondents. Although the response rate was disappointing, there were enough content in the responses for the LA to propose that the scheme be approved by the Schools Forum.

4.2 The consultation asked respondents to answer 22 questions each. Therefore, there were 242 possible answers. The summary of the responses is as shown in **Table 1** below. Further analysis of responses including comments from respondents are shown in **Appendix A** attached.

Table 1: Summary of Responses

Question	Paragraph	Agree	Disagree	Not Sure	Not Answered	Total
Question 1	2.2.2	11	0	0	0	11
Question 2	2.2.2	11	0	0	0	11
Question 3	2.3.2	9	0	1	1	11
Question 4	2.4.1	6	3	0	2	11
Question 5	2.4.2	7	2	0	2	11
Question 6	2.4.3	7	2	0	2	11
Question 7	2.11.5	9	1	0	1	11
Question 8	2.21.1	9	0	0	2	11
Question 9	2.21.2	10	0	0	1	11
Question 10	2.21.3	8	1	0	2	11
Question 11	2.21.4	10	0	0	1	11
Question 12	2.21.5	11	0	0	0	11
Question 13	2.22.2	11	0	0	0	11
Question 14	2.22.3	10	0	0	1	11
Question 15	4.7.1	11	0	0	0	11
Question 16	4.9.3	9	2	0	0	11

Question 17	4.10.7	11	0	0	0	11
Question 18	5.6.1	10	1	0	0	11
Question 19	5.6.2	9	1	1	0	11
Question 20	11.8.1	10	0	0	1	11
Question 21	11.8.2	10	0	0	1	11
Question 22	11.8.3	10	0	0	1	11
		209	13	2	18	242
		86%	5%	1%	7%	

- 4.3 As stated in the consultation response document, some of the proposed changes are meant to reflect current practices that has developed and evolved since 2017. This will help explain some of the comments from respondents which will be addressed later.
- 4.4 All respondents agreed with six of the proposals. Question 4 had the most disagreement/not answered (5 out of 11 or 45%) followed by questions 5 and 6 with 4 disagreements each (36%), question 10 with 3 (27%) and questions 3,7,8,16 and 19 with 2 each (18%). Some of the issues and comments raised in these questions will be addressed later in this paper.

5 Further Analysis of Responses

- 5.1 **Analysis of response to question 4, 5 & 6:** The text of these questions are repeated below for ease of reference.

“Schools must maintain an inventory of all moveable assets, which must be kept up to date and be in a form to be determined by the LA and setting out the basic authorisation procedures for disposal of assets. Inventory list shall be reported annually to the governing body (or the finance committee).”

“Schools must ensure all assets that are portable and attractive (e.g. a camera) are registered and included in the asset inventory.”

“All assets procured by school should be included in the inventory and school must ensure that they record the date of purchase, the purchase value and the serial number as a minimum.”

- a. The 3 questions are linked as they relate to the Section 2.4, of the proposed Scheme, on Control of Assets. Majority of respondents (55% for question 4 and 64% for questions 5 & 6 respectively)

agreed with the proposals. However, there were concerns raised regarding

- how this will work in practice with the ***Financial Regulations For Schools With Delegated Budgets (aka the Regs)***,
- the value of the assets that must be on the register (e.g. Nursery toys),
- whether this will involve additional information being provided to the LA,
- any additional bureaucracy this might create.

b. LA response: As stated above, majority of respondents (55% for question 4 and 64% for questions 5 & 6) agreed with the proposal and we have carefully considered the comments made against these questions in framing our response. In order to get a better understanding of the issue, the whole of Section 4 must be read together. The intention of this section is to protect schools against loss, theft, damage or otherwise of valuable critical assets which may often be portable. They are also assets that are valuable in terms of the information held in them and/or their cost. Assets included in this category will include (but not limited to) Laptops, Mobile Phones, Camera, other smaller electronic and IT equipment. The governing body should be able to decide the type of portable assets that will be included in the register. For those that are not (e.g. Nursery toys) there should be a broad policy/procedure regarding their purchase, use and disposal. This section has not asked schools to provide any additional regular information to the LA, instead, it is asking schools to provide necessary information to the LA CFO (or her authorised representative) whenever they need sight of that information. The proposed Scheme has therefore been re-worded to reflect this and the Regs will also provide further information on how this will work in practice.

5.2 Analysis of responses to questions 8,9 & 10: The text of these questions are repeated below for ease of reference.

“The SFVS is a DfE requirement which helps schools and local authorities meet basic standards for good financial health and resource management. The standard consists of a self-assessment checklist and a dashboard:

- *The checklist asks questions of governing bodies in six areas of resource management. It provides clarification for each question, examples of good practice, and details of further support available to assist schools in addressing specific issues*
- *The dashboard shows how a school’s data compares to thresholds on a range of statistics identified by the DfE as indicators of good*

resource management and outcomes. It provides explanations of each of the indicators and helps schools to fill in their data and understand the results.”

“All LA maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. Schools must carefully consider the results of the self-assessment checklist and dashboard and identify potential follow-up actions. It is for the school to determine at what time in the year they wish to complete the form.”

“The SFVS must be presented annually to the governing body or finance committee and signed by the chair of governors before being submitted to the LA. The timescale for the local authority to submit the SFVS assurance statement is determined annually by the DfE. The local authority will therefore inform schools each year of the date when schools must submit their SFVS.”

- a. The three questions are also linked in the sense that they relate to SFVS. There was only one disagreement to question 10 with 5 not answered questions (2 in questions 8 and 10 and 1 in question 9). Majority of respondents agreed with these proposals.
- b. From some of the comments, there appears to be some confusion regarding the requirement to undertake the SFVS assessment and when it should be submitted to the LA.
- c. **LA’s response:** SFVS is one of the tools that Schools (and governing body) can use to assess the effectiveness of internal control systems. It provides re-assurance to schools’ management and governors that control systems are in place and working. It also enables schools to identify where corrective actions needs to be taken, when and by whom. Therefore, completing and recording the exercise is good financial management and should be undertaken as soon as possible and at a point in time convenient for schools. The governing body will therefore be in a good position to carefully consider the outcome of the exercise and agree any necessary remedial action. Submission of the outcome, as evidence, to the LA is a separate issue and that is driven by the timetable issued by the DfE which then inform LA’s deadline to schools.

Secondly, some part of section 2.21 is aimed at bringing the scheme up to date and in line with current practice. Therefore, practices that has evolved since 2017 (and in line with DfE/ESFA pronouncements) are now being codified into the Scheme. This partly explains why

some respondents either refused to respond or queried the relevance of some of the questions.

5.3 Analysis of response to question 16. The text of this question is repeated below for ease of reference.

“Where schools are planning a deficit budget position (as prescribed in section 2.8.1) or as a result of its 3-year forecast position (as in sections 2.8.2 and 4.4.1) or its year-end position (as in section 4.5.1), then the school is required to make an application for a licensed deficit and to work with the LA to recover the financial position.”

- a. Two respondents (18%) disagree with this proposal. The main comments were around (i) the process to apply for a licence deficit (ii) whether this should apply to in-year deficit and (iii) should this apply where schools are deficit arose as a result of one-off expenditure.
- b. **LA’s Response:** Good practice suggests that schools planning a budget deficit position (for variety of reasons) should inform the LA and get the deficit licenced. The process of informing the LA is via the licence deficit process. Where the deficit arose as a result of planned large one-off expenditure with mitigations in place (e.g., by using existing reserve), that deficit will easily be agreed and licenced. Of more concern will be deficits arising from recurrent position for which there are no easily discernible mitigations. The process for applying for deficit will be reiterated in the Regs.

5.4 Analysis of response to question 19. The text of this question is repeated below for ease of reference.

“The policy referred to above is only to be used for one off, ad-hoc hires. A recognised business or organisation or individual hiring the premises as part of their business, should have their own Public Liability insurance. The minimum level of cover Bristol City Council requires is £5 million. Schools should contact the risk and insurance team if in doubt.”

- a. One respondent (9%) disagreed whilst another answered, “Not Sure”. Majority however agreed with this proposal. The main comments were around (i) £5m Public Liability is too high (ii) whether businesses with Public Liability insurance still need to pay the one-off ad hoc £20 for one time hire.
- b. **LA’s Response:** £5 million is the starting point requested for most activities, on small occasions where a school is hosting a small organisation conducting a low-risk business activity (such as a charity hosting a coffee morning) consideration could be given to a £2 million limit of cover but in practice a £5 million cover is readily available in the UK insurance market. This is especially true in a school environment where there are likely to be children involved in the activity.

- c. The payment of one-off hirer fee will only occur for groups that would not typically expect to have their own cover (this is typically only in respect of informal arrangements). Examples may include a group of friends hiring a school hall for a party or a group of friends hiring a football pitch for a kick around. As guidance any business or individual being paid to host or lead on an event/activity should have their own cover in place, in addition organised sports clubs/coaches should have their own cover in place. For organisations with their own cover in place, schools should seek evidence of this for their records and such organisations with their own cover are not required to pay the £20 hirer's liability insurance fee.
- d. Section 5.6 has been amended to reflect the changes in a-c above.

6. Revision to the Scheme post consultation

- 6.1 Based on the responses received, we have made some revision to section 2.4 and is shown on the proposed revised scheme attached as Appendix B to this report.
- 6.2 In addition to this, we are also undertaking a comprehensive review of the ***Financial Regulations For Schools With Delegated Budgets***. The revised regulations will be shared with the forum early in 2022 ahead of being made more available wider with maintain school's community.