

**Report to Hartlepool Schools' Forum 13 June 2023
From Amanda Whitehead (Assistant Director - Education)**

Agenda Item 3 – Updates to Scheme for Financing Schools

1 Introduction

- 1.1 Local authorities are required to have a Scheme for Financing Schools, setting out the relationship they have with their maintained schools.
- 1.2 Each year, ESFA (Education and Skills Funding Agency) publish changes required to the Scheme for Financing Schools. Local authorities are required to incorporate the changes into their Scheme and associated documentation, in consultation with schools.
- 1.3 This report outlines the required changes to the existing Scheme and provides a revised Scheme at appendix A to reflect the updates.

2 Background

- 2.1 ESFA published an update to the Scheme for Financing Schools statutory guidance on 31 March 2023.
- 2.2 Planned changes to the Scheme relating to accounting regulation changes for leases have been delayed again as the regulation change itself has been deferred for a further year. Accounting changes were planned to come into effect on 1 April 2021 and have now been deferred to April 2024.

3 Changes to the Scheme

- 3.1 There are two changes published by ESFA that are appropriate to the Hartlepool Scheme and a further change prompted by the introduction of BACS payments for schools. These are listed in the table below.

Paragraph	Change
7.4 Income from sale of assets	Statement added to clarify that any retention of funds from the sale of land assets by schools is subject to the consent of the Secretary of State.
13.7 Treatment of COMFAC income and surpluses	Scheme no longer refers to COMFAC deficits.
Annex 7 VAT and Taxation	Reference to “non-cheque book schools” and “cheque book schools” amended to “schools without / with a local bank account”. This change reflects that schools now make the majority of supplier payments via BACS as opposed to cheques.

- 3.2 As the scheme no longer refers to Community Facility (COMFAC) deficits, it is expected that Community Facilities return surpluses. There is existing provision within the Scheme for the authority to request a recovery plan from the school,

along with an update on a three monthly basis where there is concern around the ongoing financial position and viability of a COMFAC.

- 3.3 In addition to the changes listed above, annex 1 of the Scheme has been updated to list the schools covered by the Scheme following the latest academy conversions.
- 3.4 The revised Scheme reflecting the changes outlined in this report is attached at appendix A. All changes and deletions are highlighted in yellow (please refer to page 28, page 43 and page 68).

4 Recommendations

- 4.1 Forum is asked to:
 - a) note the ESFA changes outlined in the report;
 - b) agree that the changes outlined are confirmed in the Scheme documentation and published.

Please note that only Maintained School Forum Representatives are affected by these recommendations