

SCHOOLS' FUNDING FORUM

SUBJECT:	Scheme for Financing Schools
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SUMMARY OF REPORT:

To request Forum approval of amendments to the scheme for financing schools.

The scheme for financing schools is currently being reviewed in line with Government's national model policy. This has highlighted a number of minor amendments and updates required to ensure it meets the latest guidance.

The most significant change is the removal of the ability of schools within the corporate banking scheme to be overdrawn with the bank.

In addition, following a recent fraud case Kent Internal Audit Team have also requested some further additions to the Fraud section of the scheme to make it clearer the roles, responsibilities and actions that schools are expected to take.

FOR:	Decision
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1. Background

1.1 The scheme for financing schools sets out the requirements of maintained schools regarding their delegated budgets. The Department for Education publishes a model scheme and local schemes are an edited version of this. Schools Financial Services and the School Budget Team have recently reviewed Kent's scheme to ensure it meets national guidance.

Ability for maintained schools to go overdrawn

1.2 Currently, the scheme allows for maintained schools within the corporate bank account scheme to go overdrawn at the bank. Recent discussions involving NatWest, the council, and the ESFA have concluded that this arrangement must cease, which gives rise to a need to revise the scheme along with any other appropriate updates.

1.3 Representations were made with a view to continuing the current arrangement which highlighted that these accounts are within scope of a contract held by the council and the balances of the accounts lawfully belong to the council which is allowed to borrow funds from a bank.

1.4 It never has and continues to be not permissible for a school bank account outside of the corporate scheme to be overdrawn.

Fraud and Irregularities (section 2.17)

- 1.5 Wording from national model policy on Fraud is already replicated in Kent's scheme however following a recent fraud case further clarifications of the expected responsibilities of schools are proposed to be included to ensure schools are able to demonstrate appropriate assurances in the administration of schools' financial affairs.

2. Summary of changes

- 2.1 Various references to using an overdraft within the corporate scheme have been removed and replaced with a stipulation that such accounts must not be overdrawn and if this looks likely to happen then a school must contact the council to discuss remedial actions.
- 2.2 Various minor amendments and updates have been made to reflect current practice without materially changing the purpose or effect of the scheme.
- 2.3 Schools must keep a record of their reasons for selecting contractors, this is a requirement of the model scheme.
- 2.4 Some references to obsolete documents and legislation have been removed.
- 2.5 The freedom of schools to choose their own insurance provider has been clarified with reference to the department for education scheme, RPA.
- 2.6 Reference to new schools has been removed as in all cases these are now academies.
- 2.7 Clarification of the expected school policies and actions schools must take in relation fraud, bribery & corruption including the requirement to report all frauds/irregularities that have resulted in financial loss to Kent's Internal Audit Team.

3. Recommendation

- 3.1 The maintained school representatives of the Forum are asked to approve the updated document.