

Outline of the Scheme for the Financing of Schools

The Scheme for the Financing of Schools provides the overall financial framework within which schools are required to operate.

Much of the requirements in the Scheme are set by the Department for Education, and it is vital that Governors and senior school staff are aware of these requirements.

This summary provides an outline of what is covered by the scheme and should be used as a “signposting” to the Scheme contents.

Pages	Section	Content
1 – 3	Main features of the Scheme	<ul style="list-style-type: none"> • The elements of the Dedicated Schools Grant, which is the principle source of school funding; • How it is distributed to schools; • Circumstances of suspension of local financial management; • The role, scope, publication and revision of the Scheme; and • Delegation of powers to the Head Teacher
4 – 9	Financial requirements of the school	<ul style="list-style-type: none"> • The requirement to follow the scheme; • The need to provide certain financial information; • The need to follow Financial Regulations for Schools; • The requirement to maintain an inventory of assets; • The requirement to follow certain accounting policies; • How and when debts are written off; • The requirement to submit budget plans by certain dates each year; • It also covers a number of other important requirements: <ul style="list-style-type: none"> ○ The requirement to achieve effective management of resources and value for money; ○ Audit arrangements and responsibilities;

Pages	Section	Content
		<ul style="list-style-type: none"> ○ Registration of business interests; ○ Purchasing & contracting requirements; ○ Contract rules; ○ What may delegated funds be spent on; ○ The ability of the Local Authority to issue a note of concern over the school's financial management arrangements; ○ The Schools Financial Value Standard.
10-12	Instalments of the budget share: banking arrangements	<p>This section covers how the budget share is made available to schools.</p> <p>It is mostly applicable to cheque book schools – those schools running their own bank accounts for their Local Authority funding – and includes transfer arrangements, and interest arrangements.</p> <p>For all schools, it outlines the rules regarding borrowing. Borrowing can only be done through the Local Authority or with the permission of the Secretary of State</p>
13-15	The treatment of surplus and deficit balances arising in relation to budget shares	<p>This section outlines the treatment of balances held by schools – how they are carried forward, and what role the Schools Forum has in considering the level of balances held.</p> <p>There is an important section on what actions should be taken if a school finds itself in a deficit position.</p>
16	Income	This outlines how income received by the school should be treated, including donations.
17-19	Charging of school budget shares	This section outlines the types of costs that may be charged against a school budget share where the school itself has not

Pages	Section	Content
		initiated the charge.
20	Taxation	This outlines the treatment of VAT, and the need for schools to satisfy themselves as to the employment status of an individual in order to ensure correct taxation treatment
21-23	Provision of services and facilities by the Local Authority	This section covers services from centrally held budgets (i.e. those not delegated to schools), and services provided by the CAH Department to schools. It also covers requirements relating to teacher pensions.
24	Private Finance Initiative/ Public Private Partnership (PFI/PPP)	This brief section outlines what will happen if a PFI/PPP scheme is signed.
25	Insurance	This section outlines school requirements to ensure proper insurance cover
26-29	Miscellaneous	This section covers a variety of requirements relating to Governing Bodies: <ul style="list-style-type: none"> • Right of Access to information; • Liability of Governors; • Governors Expenses; • Responsibility for legal costs; • Health and Safety; • Right of attendance of Chief Finance Officer; • Special Educational Needs; • Interest on late payments; • Whistleblowing; • Child Protection; and • Delegation to New Schools

Pages	Section	Content
30	Responsibility for repairs and maintenance	This section outlines who is responsible for what areas of repairs and maintenance
31-34	Community Facilities	This section covers the roles and requirements when a school provides community facilities over and above their educational role.
35-41	Annexes	There are two Annexes. One gives the schools maintained by the Authority, whilst the second Annexe gives further details of the loan facility