

Summary of the Changes to Sections and Paragraph's

The updated Scheme incorporates the statutory [DfE Scheme guidance](#) which is referred to throughout this document. As there are a substantial number of amendments to the Scheme including revisions to the paragraph numbering, a version showing the tracked changes is not helpful. This documents therefore sets out the main changes, although it does not list every amendment.

The previous Scheme included italic text which was included to add meaning and which was taken from the statutory DfE Scheme guidance, whereas in this update the use of italics formatting has largely been removed and the text either removed or included as part of the paragraph.

Reference to the Finance Manual has been removed, and links to documents will be added where required, or reference is made to York Education through which documents may be accessed.

A list of the main Scheme changes made by the DfE are listed below, although this does not include directed revisions or those made following the Government's consultation on financial transparency of local authority maintained schools and academy trusts which was conducted in 2019.

2018 scheme changes

Paragraph 4.6: Reference to audit commission has been removed.

Paragraph 6.8: Balances of closing schools has been updated

Paragraph 6.10: Loan scheme has been updated

Paragraph 8.3.15: Reference to SEN has been replaced with Education Health and Care Plan (EHCP)

The regulations no longer allow local authorities to issue budget shares for a multi-year period.

2019 Scheme changes

The directed revisions are now listed in section 1. Paragraph 1.4 states "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"

Paragraph 4.1.4: Control of Assets.

Added the following "The scheme should encourage schools to register anything that is portable and attractive, such as a camera"

Paragraph 4.4: changed title from "Efficiency and Value for Money" to "School Resource Management"

paragraph 4.10: Purchasing, Tendering and Contracting requirements.

Added "Schools may seek advice on a range of compliant deals via [Buying for schools](#)"

paragraph 4.14: Capital spending from budget shares.

Removed references to legislation "School Premises Regulations and DfE Construction Standards, and health and safety legislation", and added references to specific legislation.

paragraph 7.1: Income from Lettings.

Added "However, 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"

paragraph 10.1: Provision of Services from centrally retained budgets.

Changed to explain the scheme should contain a provision barring the authority 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.

paragraph 10.5: Teacher Pensions.

This now quotes the revised legislation, Teachers' Pension Scheme Regulations 2014 and updated the expectation of monthly not annual returns.

paragraph 12.1: Insurance.

The scheme added "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".

Section 15: Community Facilities.

Updated to reflect changes to the Children and Families Act 2014; a school is no longer required to consult before establishing community facilities, and there is no longer a need for a school to be mindful of a local authority's advice, under section 27 of the Education Act 2002.

paragraph 15.8.2: changed "Criminal Records Bureau" to "Disclosure Barring Service"

2020 Scheme Changes

Section 12 Insurance.

Includes a provision allowing maintained schools to join the Secretary of State's risk protection arrangement (RPA) for risks covered by the RPA.

Directed revisions now part of Annex A

2021 Scheme changes

Paragraph 6.9 Licensed deficits.

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank. This should be treated as a cash advance and not a loan and has no effect on the school's budget and reserves position.

2022 Scheme changes

Paragraph 5.8 Borrowing by Schools.

Reference to the Salix Scheme has been removed as this scheme has now closed.

2023 Scheme changes

Paragraph 7.4 Income from the sale of assets.

Further guidance on retention of funds from the sale of land assets has been updated.

Other proposed changes are set out below.

Section numbering

Section 1: About this Guidance and Section 2: The outline Scheme, follow the recommended DfE Scheme guidance.

Section 3: Introduction (was section 1)

Paragraph 3.1 is taken from Annex A of the DfE Scheme guidance.

Paragraph 3.6 Delegation of Powers to the head teacher, has been amended and follows the scheme guidance more closely.

Section 4: Financials controls (was section 2)

Paragraph 4.1.4 Control of assets.

Schools are now free to determine their own arrangements for keeping a register of assets worth less than £1000, and encouraged to register portable and attractive assets.

Paragraph 4.1.5 Accounting policies.

This paragraph has been re-written, although the requirement for schools to abide by the authorities standing orders and financial regulations has not changed.

Paragraph 4.1.6 Writing off debts.

Refers to the Debt Management Guidance available through York Education.

Paragraph 4.2 Basis of accounting.

The updated guidance refers to the schools choice in using whatever financial software they wish, however the cost of any modifications required by the authority to comply with the authorities output requirements must be met by school.

Paragraph 4.3 Submission of budget plans.

From 2021-22 funding year the DfE introduced a directed revision that each school must submit a three-year budget forecast each year at a date determined by the authority between 1st May and 30th June. City of York Council's Scheme already included this requirement, although the wording in this update has been amended to follow more closely the directed revision, including stating the purposes the authority will use the 3 year forecast information. The Submission date of start budgets has been amended to 15th May, from the first Monday in May.

Paragraph 4.4 School resource management.

This paragraph uses the recommended wording from the DfE Scheme directed revision.

Paragraph 4.6 Audit general.

Updated to refer to the correct Section 151 Officer (Chief Financial Officer) post.

Paragraph 4.8 Audit of voluntary and private funds.

This paragraph has been revised, although the requirements contained within it remain largely unchanged.

Schools should be aware that the requirement to provide audit certificates has always been included as a provision contained in the DfE statutory guidance. Schools should provide these for voluntary funds and any trading organisations controlled by the school.

The authority recognises this provision may lead to additional costs to the voluntary fund in obtaining an audit certificate. Schools may wish to refer to the advice contained in the DfE SFVS guidance. <https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>

Paragraph 4.10 Purchasing, tendering and contracting.

The Paragraph requests schools to comply with the authority's standing orders and financial regulations in purchasing, tendering and contracting matters.

Paragraph 4.11 Application of contract to schools.

Simplified wording

Paragraph 4.12 Authority funds and earmarking.

Simplified wording

Paragraph 4.14 Capital spending from budget share.

The reasons for the provisions have been added as per DfE guidance.

Paragraph 4.15 is now, Notice of Concern (2.15 was SFVS)
Follows more closely the recommended DfE guidance.

Paragraph 4.16 is now School Financial Value Standard (SFVS), (2.16 was Notice of Concern)

The authority continues to ask schools to submit their return prior to 31st January each year. This is to reduce the volume of work over the busy year end period and avoid the Easter holiday when this falls over 31st March.

Paragraph 4.17 now Fraud (was 2.18)

What was Paragraph 2.17 Suspension of financial delegation is now Annex D

Section 5: Instalments of the budget share and banking arrangements (was section 3)

Paragraph 5.2 Proportion of budget share payable at each instalment.

This paragraph removes the following sentence. "School may opt for instalments of the total budget share to be made available to them by payment into their schools bank account". In practice CYC pay the net budget share, however if the total budget share was paid schools would immediately need to payback funds to the authority to avoid interest charges building up.

Paragraph 5.3 Interest clawback.

The budget share is made available in advance by 10 days. This paragraph now states the time period by adding the words, by 10 days.

Paragraph 5.7 Restriction of accounts.

The authority will set in place two officers as bank signatures. This is a new requirement and is taken from the recommended DfE Scheme guidance which states that Scheme's should allow at least local authority and school employees to be signatures.

Schools should note that Governors who are not employees are barred from being bank signatures, this was a provision of the previous scheme.

Paragraph 5.8 Borrowing by schools.

This paragraph now includes reference to finance leases and bank overdrafts which schools are not permitted without the express permission of the Secretary of State. Reference to the Salix scheme has been removed.

Section 6: The treatment of surplus and deficit balances arising in relation to the budget share (was section 4)

Paragraph 6.2 has been renamed to, Controls on surplus balances.

Schools may wish to discuss use of excess surplus balances and define what an excess surplus balance is.

The wording of paragraph "d" has been amended in the last line, which now reads as "the proposal is that the authority may deduct from the current years budget share an amount **up** to the excess". Previously the Scheme used the wording "an amount **equal** to the excess".

Paragraph 6.4 Obligation to carry forward deficit balances.

Now takes the wording recommended from the DfE Scheme guidance including reference to the legislation.

Paragraph 6.5 Planning for deficit budgets.

This is a directed revision as referred to by the recommended DfE Scheme guidance. The authority proposes that schools submit a recovery plan to the authority when their cumulative revenue deficit rises above the lower of 1% of their core funding or £25,000, at 31st March of any financial year. Guidance on what forms part of core funding is set out in Annex C and will be updated annually to reflect the latest funding streams.

Paragraph 6.6 Charging of interest on deficit balances.

The current Scheme states that no interest will be charged on deficit balances held by the authority on behalf of schools. The revised wording states, “the authority will charge interest on any deficit balance where not to do so would lead to additional costs for the authority”.

Paragraph 6.8 Balances of closing and replacement schools.

This now follows the recommended DfE Scheme guidance.

Paragraph 6.9 Licensed deficits.

This paragraph has been re-written

Paragraph 6.10 Loan scheme.

The authority does not offer a loan scheme.

The reason for this is because if a loan was made and a school subsequently converted to academy status, the Secretary of State could 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. If this was to take place then this may require the authority to right off the loan.

Paragraph 4.10 (would have been Paragraph 6.11) Credit Union approach.

This paragraph has been removed.

Section 7: Income (was section 5)

Added the following sentence to the introduction.

Schools share the authority’s VAT registration and must account for VAT on income correctly. The authority issues a VAT guidance manual for schools to refer to.

Paragraph 7.4 Income from sale of assets.

Added the final sentence from the recommended DfE Scheme guidance. “The retention of proceeds of sale for premises not owned by the authority will not be a matter for the scheme”.

Paragraph 5.5 (would have been Paragraph 7.5) Administration procedures for the collection of income.

This paragraph has been removed and reference to VAT has been added as an opening sentence at the beginning of Section 7.

Section 8: The charging of school budget shares (was section 6)

Paragraph 8.3

Sub paragraph 8.3.2 previously stated, “Other expenditure incurred to secure resignations where the school has not followed authority advice”. The recommended DfE Scheme wording is now used “Other expenditure incurred to secure resignations where there is good reason to charge this to the school”.

Sub paragraph 8.3.2 now refers to Annex B - Responsibility for Redundancy and Early Retirement which is taken from the recommended DfE Scheme guidance. Paragraph 13.11 also refers to Annex B.

Sub paragraph 8.3.15 replaces Statement of SEN with Education, Health and Care plan.

Sub paragraph 8.3.20 refers to administering admission appeals in the first sentence, previously the word admission was omitted.

Section 10: The provision of services and facilities by the authority (was section 8)

Paragraph 10.2 Provision of services bought back from the authority using delegated budgets.

This wording has been amended, but the meaning is largely unchanged. This paragraph now removes reference to the words, “the inceptions of the scheme or”

Sub para 8.2.1 is now paragraph 10.3

Paragraph 10.4 Service level agreements.

The revised wording reflects our process more accurately and some paragraphs have been re-ordered.

Paragraph 10.5 Teachers’ pensions.

Some of the larger paragraphs have been split. The scheme follows the recommended DfE Scheme guidance.

Section 12: Insurance (was section 10)

Paragraph 12.1

Reference to the Secretary of State’s Risk Protection Arrangement (RPA) is now included.

Section 13: Miscellaneous (was section 11)

Paragraph 13.2. Liability of governors.

The examples of behaviour which are not in good faith have been extended.

Paragraph 13.3 Governors allowances.

This Paragraph now follows the guidance from the recommended DfE Scheme.

Paragraph 13.4 Responsibility for legal costs.

In the event of a dispute between the authority and the governing body which would lead to a conflict of interest for the authority’s legal advisor, Governors should consult the Head of Legal Services. Previously schools were asked to refer to the Legal Services SLA.

The following sentence has been added to paragraph 13.4.

The costs referred to are those of legal actions, including costs awarded against a Authority; not the cost of legal advice provided.

Paragraph 13.7 Special Education Needs.

This paragraph now has an added sentence to reinforce that this is a statutory requirement placed on schools.

Paragraph 13.8 Interest on late payments.

Reference to late payment to suppliers has been removed.

Paragraph 13.9 Whistleblowing.

Now provides reference to a template policy schools may wish to refer to available through York Education.

Paragraph 13.10 Child Protection.

This paragraph has been re-written. Governing bodies are required to release staff to attend child protection case conferences and other related events. The cost of attendance will be met from the school's budget share.

Paragraph 13.11 Redundancy and Early Retirement costs.

This paragraph now refers to Annex B rather than listing the details within Paragraph 13.11. Annex B is taken from the recommended DfE Scheme guidance. Paragraph 8.3 also refers to Annex B.

Section 14: Responsibility for repairs and Maintenance (was section 12)

Paragraph 14.1 School responsibilities.

Reference to **Revenue** funding is specified and reference to VA governors has been removed since the authority has no Voluntary Aided schools.

Paragraph 14.2 Capital expenditure.

The first and last sentences have been removed. The purpose is to simplify the meaning of the Paragraph.

Paragraph 14.3 The de minimis limit.

The last sentence is removed as there are no Voluntary Aided Schools.

Section 15: Community Facilities (was section 13)

Paragraph 15.1 Introduction.

This Paragraph is now taken from Annex C of the recommended DfE Scheme guidance. This refers to the application of schemes for financing schools to the community facilities power and sets out the relevant legislation.

Paragraph 15.2 Consultation with the authority: financial aspects.

This paragraph has been re-written due to the changes made by the Children and Families Act 2014. These mean that schools no longer need to consult the authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their Authority. However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.

The order of the paragraphs in section 15 now follows the recommended DfE Scheme and substantial sections have been updated to reflect the latest guidance.

The Annex's are now as listed below

Annex A	Schools Maintained by City of York Council, covered by this Scheme
Annex B	Responsibility for Redundancy and Early Retirement Costs
Annex C	Guidance on Core Grant Funding
Annex D	Suspension of Financial Delegation