

Our Ref: CM/EJC  
Date: 17 November 2015  
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To: All Headteachers and Chairs of Governors of Maintained Schools

**LMS Document  
No. 2015/29**

Dear Colleague

## **2015 ANNUAL REVIEW OF SUFFOLK'S SCHEME FOR THE FINANCING OF SCHOOLS**

I am writing to inform you that the Authority's 2015 annual review of the Scheme for the Financing of Schools has recently been completed, and to update you on the outcomes.

### **Scheme for the Financing of Schools (Scheme)**

The Scheme is the formal document describing the relationship between the Authority and the maintained schools and pupil referral units (PRUs) which it funds. The Scheme contains requirements relating to financial management and associated issues, and is binding on both the Authority and on maintained schools/PRUs.

The previous annual update of the Scheme took place in December 2014 and the current version came into force on 01 February 2015.

The DfE updated their statutory [Schemes for financing schools](#) guidance in August 2015. Schools' Forum was informed of the outcomes of the 2015 review at its meeting on 22 October 2015; full details are included in [Schools Forum 22/10/2015 Paper G](#). Formal consultation with all schools was not required.

### **Changes that will take effect from 01 November 2015**

#### DfE Directed Changes

The DfE's statutory guidance included two directed revisions which must be incorporated into local authority schemes for the financing of schools:

- Section 2.9: Requirement for maintained schools to publish a register of the business interests of their governors, along with any relationships with staff.
- Section 3.6: Clarification that borrowing includes the use of finance leases and is not allowable, with the exception of certain schemes approved by the Secretary of State. Currently only Salix loans have such approval.

In order to comply with these directed revisions the following underlined text will be added to the Suffolk Scheme:

## **2.9 REGISTER OF BUSINESS INTERESTS**

The governing body of each school is required to establish a register which lists for each member of the governing body, the Headteacher and school staff:

- Any business interests they or any member of their immediate family\* have
- Details of any other educational establishments that they govern
- Any relationships between school staff and members of the governing body
- The register must be kept up to date with notification of changes, through annual review of entries and reviewed annually by the Governing Body.
- The register must be available for inspection by governors, staff, parents and the LA.
- The register must be published, for example on a publicly accessible school website.

N.B. business interests/nil returns of school staff may be omitted from the published copy unless they are also governors or the Headteacher, in which case they must be included in the published copy.

*\*immediate family to include other relatives and individuals who may exert influence*

*Staff and governors must be given an opportunity to declare an interest in any item on the agenda of a meeting and must withdraw from the meeting for relevant agenda items.*

## **3.6 BORROWING BY SCHOOLS**

Governing bodies may borrow money externally only with the written permission of the Secretary of State. The LA must be consulted by a Governing Body wishing to seek such permission.

The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.

Schools may use any scheme that the Secretary of State has said is available to schools without specific approval. An example of a current scheme (September 2015) is the Salix scheme designed to support energy savings.

*....Governing bodies may acquire equipment through an operating lease....Other forms and types of leasing (such as finance leases or hire purchase) which constitute borrowing would require permission of the Secretary of State.*

*Schools considering entering into a lease arrangement must seek confirmation from the LA that the lease would not be deemed to be a financial lease.....*

### Updated list of maintained schools and PRUs (Annex A)

Annex A of the current Scheme contains a list of all maintained schools and PRUs as at 01 November 2014. There have been several changes in school status since it was published, the Forum agreed that Annex A should be updated to reflect the position as at 01 September 2015.

**The next Authority review**

The next Authority review of the Scheme will take place once the DfE has published updated guidance (expected during 2016). The outcomes of the next review will then be presented to Schools' Forum promptly and maintained schools and PRUs subsequently consulted, or informed of any changes if full consultation is not required.

**Accessing the updated Scheme**

The DfE requires a copy of the Scheme to be held on a website which is accessible to the general public. Suffolk's Scheme is held on Suffolk Learning within the Schools' Accountancy section, access is unrestricted.

[Suffolk Learning | Leadership & Staff Development | Schools Accountancy | Finance Regulations](#)

**The updated Scheme will come into effect from 01 November 2015.**

Schools will be able to access the updated Scheme from 01 November 2015 using the above link; the current Scheme will no longer be available from that date.

Any queries relating to the annual review of the Scheme or the contents of this letter should be directed to the Schools Accountancy Team ([sat@suffolk.gov.uk](mailto:sat@suffolk.gov.uk) 01473 265626).

Yours sincerely

**Carole Murton**  
Service Accountant