**1 January 2019 Amendments**

The Scheme, the FRfMS and the SCSOs are documents, which overlap. To briefly explain their individual purposes:

The **Scheme for Financing Schools** is the over-arching statutory document, which sets out the framework for the operation of the delegation by the Local Authority of financial responsibilities to the governing boards of schools maintained by the Local Authority. All local authorities are required to have a Scheme. The document sets out at a relatively high level the roles and responsibilities of governing boards and the Local Authority and the powers that the Local Authority has in the management of its schools’ finances. The Department for Education (DfE) provides a template on which local authorities are required to base their Schemes. This template includes certain provisions that all local authorities must write into their Schemes. Additional guidance from the DfE explains to local authorities about the flexibility they have to amend or add provisions according to local circumstances and policies. The Scheme also signposts where schools can find additional guidance and the detail of the Authority’s working protocols e.g. for the control of surplus balances and the management of deficit budgets.

The **Financial Regulations for Maintained Schools** is the Authority’s document, which sets out in more detail than in the Scheme respective responsibilities and powers in the management / delegation of financial responsibilities to maintained schools in Bradford. This document sets out the ‘musts’. It forms the basis of the Authority’s Guide to Financial Procedures, which is a bigger document that provides further guidance and advice to maintained schools in their financial management.

**Schools Contract Standing Orders** is the document, which sets out in more detail the requirements placed on maintained schools by the Local Authority in their procurement of contracts, goods and services. Currently, the SCSOs are incorporated into the FRfMS. The Authority has, in the interests of clarity and accessibility, established a separate SCSOs document.

**Financial Regulations for Maintained Schools – Amendments 1 January 2019**

The document has been amended throughout to update references to legislation and adjusted references to Authority policies and Authority director / officer job, team and committee titles. Regulations have been re-numbered and merged in places to incorporate additions and deletions. Reference to all out of date requirements, such the requirement for an annual Best Value Statement, have been removed. References to the ‘Education Client’ have also been removed as this is no longer relevant.

The following provisions have been added i.e. these are not present in the current document and they add to the requirements placed on schools in their financial management

* Regulation 25 – Prevention of money laundering.
* Regulation 26 – Value Added Tax (VAT).
* Regulation 27 – School Companies.
* Regulation 28 – Partnerships and Joint Ventures.
* Regulation 29 – Proposals to Transfer Services to an External Provider.

The following provisions are already contained within the current document in some form, but have either been materially amended i.e. they add to or alter the requirements placed on schools, or have been substantially re-written to improve clarity:

* Regulation 1 – Application. Paragraph 1.4 (clarification that the Governing Board can delegate some but not all powers to the Headteacher). Paragraph 1.7 (added that exceptions to the FRfMS must be reported to the Governance and Audit Committee annually).
* Regulation 2 – Financial Controls and Procedures. Paragraph 2.1 (added that school staff must comply with the Governing Board’s accounting and financial systems).
* Regulation 4 – Provision of Financial Information and Reports. Paragraph 4.4 (added that Governing Boards must comply with the Schools Financial Value Standard). Paragraph 4.5 (added that Governing Boards must comply with additional reporting requirements set by the DfE).
* Regulation 5 – School Staff Remuneration. Paragraph 5.1 (added the requirement for all payments to workers to comply with IR35 regulations).
* Regulation 6 – Cash, Banking and Investments. Paragraph 6.1 (amended simply to match the existing provisions of the Scheme for Financing Schools, which control school banking and investment arrangements). Paragraph 6.2 (added simply to reflect the requirement to report banking arrangements that are already set out in the Authority’s annual financial year-end guidance).
* Regulation 7 – Borrowing Arrangements. All paragraphs have been amended to provide more clarity on the definition of leases and hire purchase agreements. Paragraph 7.5 (added the requirement that schools obtain legal advice before entering into leases to ensure they do not enter inadvertently into finance leases).
* Regulation 9 – Expenditure Requirements. Paragraph 9.4 (amended to clarify the Headteacher’s responsibility to report concerns to the S151 Officer (which is the Council’s Chief Financial Officer)).
* Regulation 12 – Income Arrangements. Paragraphs have been updated to better cover the issues that the Governing Board must consider in the provision of external services and the requirements of such contracts to be in writing. Paragraph 12.5 (added a provision regarding credit notes). Paragraph 12.6 (amended the provision on the authorisation of debt write-off).
* Regulations 13 - Review of Fees, Charges, Remissions and Use of Premises (amended to be clearer about the requirement for annual review).
* Regulations 15 & 16 – Management of Assets. Paragraph 15.2 (added a reference to attractive and portable items). Paragraph 16.1 (added the requirement to arrange the safekeeping of private property).
* Regulation 17 – Private Funds and Community Facilities (removed the requirement to have funds relating to community facilities held separately, reflecting the already adjusted DfE directed provisions of the Scheme for Financing Schools).
* Regulation 18 – Information Management (added reference to the SIRO and the IAO).
* Regulation 19 – Contracting Arrangements (Schools Contract Standing Orders has become a separate document so this provision now refers only to this document. The numerous individual provisions on SCSOs in the current FRfMS have been deleted).
* Regulation 23 – Public Accountability Requirements. Paragraph 23.5 (amended to reflect current DfE requirements for the registration of interests and the publication of these). Paragraph 23.6 (added the requirement for the reporting of the suspicion of or known financial irregularity or loss to the Authority’s Corporate Fraud Unit).

**Schools Contract Standing Orders – Amendments 1 January 2019**

The Schools Contract Standing Orders were previously included within the Financial Regulations for Maintained Schools. The Authority has now separated these into a separate document.

The re-issued version of the SCSOs includes a substantial amount of non-material technical change, in particular, to update references to legislation and Authority committees but also to improve clarity. The SCSOs have been written in a format that is more in line with the Standing Orders used by the Authority.

The most significant amendment is the increase the threshold above which 4 written quotations are required to be sought; from £4,000 to £10,000 (paragraph 6). This is amended with specific reference to feedback from Internal Audit around enforcement and compliance, recognising that the current £4,000 threshold has not been uplifted for some time. From 1 January 2019, schools are required to seek 4 written quotations where goods and services have a value between £10,000 and £75,000. Schools must still be able to demonstrate best value for money on purchases below £10,000 and this may include still seeking written quotations.

The re-draft of the SCSOs removes all references to selective tendering, or an expectation regarding the use of Council approved supplier lists, as this is no longer permitted.

The re-draft also is written to encourage schools to use the Authority’s existing contract templates (for specifying contract conditions; paragraph 17) and to emphasise the requirements placed on schools to comply with IR 35 Regulations where contracts include payments for professional services (paragraph 16).

**Scheme for Financing Schools – Amendments 1 January 2019**

The Scheme was most recently re-issued at 1 April 2018 to incorporate revisions directed by the Department for Education. The Authority took the opportunity to amend the document at this time to ensure that references to legislation and Authority officer / director titles remain accurate.

The following Scheme provisions are materially amended i.e. they add to or amend the requirements placed on schools, or advice to schools, in their financial management:

* Provision 2.1.6: The value limit of debt write off is clarified to be £500 and the provision set in the Financial Regulations for Maintained Schools for the authorisation of the write off of a value greater than £500, by the Council’s Chief Financial Officer, has been transferred into the Scheme.
* Provisions 2.11 and 8.3: The Authority has clarified the notice period that schools should give in ceasing contracts or SLAs with the Authority, which should be 3 months where the contract does not specify. The date of 31 March for the establishment of SLAs for the next financial year / 31 August for the next academic year has also been clarified within the Scheme.
* Provision 2.12: The Authority has directly replicated the DfE’s template to state that balances remaining from central earmarked funds specifically allocated to the school by the Authority will be recovered from schools rather than may be recovered.
* Provision 3.5.1: The requirement for schools to have between 3 and 5 bank signatories has been copied across from the Guide to Financial Procedures to the Scheme, for the purposes of clarity. The Authority is now clearer in the Scheme that only employees either of the school or the Authority can be bank signatories. Governors, for example, that are not employees of the school or the Authority cannot be bank signatories.
* Provision 4.10: The reference specifically to capital loans for solar panels has been removed. Although loans from the Authority for solar panels are still permitted, the Authority would now expect schools to use the Salix route.
* Provision 10.4: A paragraph has ben added to clarify the restrictions on the advice that the Authority’s Legal Team can provide to schools, where there would be a conflict of interest, and on issues related to exclusions, admissions and SEND.

The following provisions are amended. However, these do not materially alter the requirements placed on schools, or the advice to schools:

* Provision 1.2: This provision now references the separate Schools Contract Standing Orders document (as do provisions 2.1.1, 2.1.3, 2.4 and 2.10). Provision 1.2 has been amended also to add clearer signposting of additional existing governing protocols and the Financial Regulations for Maintained Schools, providing hyperlinks to webpages on Bradford Schools Online.
* Provision 2.10: The provision in the current Scheme sets out a number of bullet points on contracting and purchasing requirements that are lifted directly from the DfE’s Scheme template. On review, and responding to the feedback that these bullet points cause confusion, these have been removed. This in itself does not materially alter the requirements on schools or advice to schools; the bullet points set out only what the DfE says the Scheme cannot do in terms of placing requirements on schools. As our SCSOs (appendix 2) comply already, it is not necessary to state these ‘do nots’ within our Scheme and it is expected that this will help clarify the procurement requirements placed on schools.
* Provision 2.14: includes a link to further guidance provided for schools by facilities management. It also includes clarification on notification requirements.
* Provision 4.9: The Scheme now has clearer signposting of the Authority’s existing governing protocol for the management of deficit budgets and clarification (written into this protocol already) that deficits can only be authorised by the Council’s Chief Financial Officer or his / her representative.