

SUPPLEMENT TO THE AGENDA FOR

Herefordshire Schools Forum

Friday 24 February 2012

9.30 am

**Council Chamber, Brockington, 35 Hafod Road, Hereford
HR1 1SH**

9. LATE ITEMS/ANY OTHER BUSINESS

Pages

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DIRECTED SCHEME REVISIONS

Under the Education Act 2012, the Secretary of State has the power to issue directed revisions to local authority schemes for financing schools. This means that authorities must incorporate within, or remove from, their schemes the specified wording, and no other process is needed in order to make the changes.

The power of directed revision will be used sparingly, to remove outdated provisions and to insert new provisions that are required for the implementation of policy.

The first set of proposed directed revisions relate to announcements Ministers have already made or to other provisions in the Education Act. There will, therefore, be just a short consultation on the proposals, which also include revisions to the statutory scheme guidance. The consultation runs until **19 March**. Any comments should be sent to Keith Howkins (keith.howkins@education.gsi.gov.uk).

Local Authority Schemes: Directed Revisions 2012

The following sets out the directed revisions the Secretary of State is making to local authority schemes.

- Text in normal font denotes the actual directed revision local authorities are required to place in, or remove from, their schemes;
- Text in italics denotes accompanying guidance.

These revisions will take effect on 1st April 2012.

Removal of requirements from the Scheme

Best Value

Local authorities must remove any requirement in their schemes for schools to submit a statement of Best Value with their budget plan.

The government believes that it is important for schools to achieve value for money, but this can be demonstrated in other ways than a written statement.

The Department removed this requirement from its guidance on local authority schemes to take effect from 1 April 2011.

Financial Management Standard in Schools (FMSiS)

Local authorities must remove from their schemes requirements relating to the Financial Management Standard in Schools (FMSiS).

A directed revision to schemes requiring schools to meet FMSiS was introduced in 2007. The Department has introduced the Schools Financial Value Standard (SFVS) as a much simpler replacement for all maintained schools. Information on the new SFVS was published in July 2011.

6.3 – General Teaching Council

Local authorities must remove from their schemes requirements relating to payments of General Teaching Council (GTC) fees.

The GTC was abolished by the Education Act 2011 with effect from 1st April 2012.

Requirements for inclusion in the Scheme

2.4 Efficiency and value for money (replaces current Best Value section)

The scheme must include the following provision, which imposes a requirement on schools to achieve efficiencies and value for money, to optimise their resources and invest in teaching and learning; taking into account purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

The text for this provision is set out below.

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it's important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

New 2.16 - Schools Financial Value Standard (SFVS)

The scheme must include the following provision, which makes it mandatory for all local authority maintained schools to complete the SFVS assessment form on an annual basis and submit a signed copy to their Authority. SFVS will also apply to all local authority maintained nursery schools and Pupil Referral Units that have a delegated budget.

The text for this provision is set out below.

All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner.

Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.

All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

New 2.17 - Fraud

The scheme must include the following provision, which requires schools to have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The text for this provision is set out below.

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

Amended statutory guidance

Amend final section of Annex B from:

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Section 37 states:

*(7)Where a local education authority incur costs—
(a)in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,
they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

(8)Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school's budget share for any financial year.

(9)Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

(We will review this provision in the context of the forthcoming changes which will allow other community facilities costs to be charged to delegated budgets from 1 April 2011, but this remains the legal position for the time being).

to:

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct

the school with a view to promoting high standards of educational achievement. Section 37 now states:

*(7) Where a local education authority incur costs—
 (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
 (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,
they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

(7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.

(7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.

(9) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

HEREFORDSHIRE SCHOOLS FORUM

Briefing note to explain the Capital Maintenance allocation of a £300,000 contribution to insurance in addition to £250,000 for an emergency contingency.

Background

The Herefordshire Schools Forum has been advised of the schools' capital funding allocations for 2011/12.

The Capital Maintenance budget for Community, Voluntary Controlled, Foundation and Trust schools has been spent in the following areas:

	<u>£000</u>
Roof repairs/replacement	758
Fire precautions	21
Electrics/Lighting upgrades	314
Replacement doors/windows/curtain walls	263
Boiler replacement/heating	180
Damp proofing	35
Insulation	75
Asbestos removal	170
Oil tank replacement	30
LPG Tank safety	30
Legionella prevention	60
Lift upgrades	80
Energy Trend System	50
Condition surveys	80
Contribution to insurance	300
Emergency contingency	<u>250</u>
	2,696

Purpose of allocations

Contribution to insurance - £300k.

In 2010/11 Herefordshire Council operated a self funding mutual insurance scheme for schools and unusually liability for claims was unlimited. For many years the scheme has operated successfully with premiums and claims for building repairs balancing. However the serious floods in summer 2007 created a significant call on the available funding which was further exacerbated by the number of claims rising from the unprecedented cold weather over the Christmas and New Year period in 2010/2011. The funds available to carry out the

necessary repairs through the mutual insurance scheme were inadequate. The cost of the repairs was £600k above the funds available through the mutual insurance scheme.

To cover this £600k loss, a number of options were considered including use of DSG. The most appropriate option and the option which would have least direct impact upon schools, was deemed to be use of the Capital Maintenance grant. As the claims were for capital works to school buildings, the relevant source of funding to meet the required £600k was the Capital Maintenance grant. A £300k allocation was therefore made in 2011/12 and a further £300k committed for 2012/13, to spread the impact over two financial years.

The mutual insurance scheme has been reviewed by the council's actuaries and is now underwritten by a "stop loss" insurance policy to minimise future liabilities. In addition, premiums in 2011/12 were increased to re-establish the claims fund to provide for the future. Premiums were reduced in 2012/13 and in future the scheme will operate on a more realistic and robust basis. Schools that have contributed through the higher premiums in 2011/12 will benefit from reduced costs in future although it is recognised that some schools have opted to buy insurance direct from the market.

The Local Authority continues to provide advice to schools on steps that should be taken to mitigate damage to school buildings, especially during prolonged periods of severe cold. Schools can help reduce the costs of insurance by following the advice given.

Emergency contingency - £250k

The Local Authority allocates the Capital Maintenance grant each year in order to meet the highest priority condition items across the Local Authority maintained building stock. Priorities are identified through building condition surveys and with the professional advice of Property Services officers.

The emergency contingency of £250k is to mitigate the risk of needing to carry out unplanned and urgent building maintenance work where it is necessary to ensure continuity of educational provision at a school or schools. This would only apply to work that is not chargeable to the mutual insurance scheme, i.e. work which has not previously been identified as a priority or has become more urgent following a condition inspection, rather than an 'incident' claimable on insurance.

Rob Reid
Head of Sufficiency & Capital Commissioning
People's Services Directorate

21 February 2012