

Item 2 Appendix 1 - Summary of Proposed Changes to the Financial Scheme October 2024 (subject to consultation)

1.1 The funding framework – page 6

Amended: After each financial year the authority must publish a statement showing expenditure ~~at both central level and for each school, and the balances held in respect of each school."~~

Changed to: After each financial year the authority must publish a statement showing **outturn** expenditure.

Amended: The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. ~~but each school must receive a copy of each year's budget and expenditure statements so far as they relate to that school or central expenditure.~~

Added: A copy of each year's budget and outturn statement should be made easily accessible to all schools. The link to the relevant page on the local authority's website can be found in paragraph 1.3 of this document.

Amended: Regulations also require a local authority to publish their scheme and any revisions.

~~The latest version of the scheme will be on the local authority's website.~~

Changed to: Regulations also require a local authority to publish their scheme and any revisions **to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.**

1.3 Publication of the Scheme – page 7

Amended: A copy of the scheme ~~will be supplied to the governing body and the headteacher of each school covered by the scheme and any approved revisions will be notified to each school.~~

~~A copy will be available for reference on the local authority's website.~~

Changed to: A copy of the scheme **can be found on the Education Finance page of the LBHF website by clicking on the link below:**

➤ [Education Finance | LBHF](#)

2.1.1 Application of financial controls to schools – page 9

Amended: Should a school decide to opt out of the FMS financial system the headteacher must guarantee that the reports and returns are available in the format and timescales required. Equally, should the school decide to change their school's finance support, notification of intent should be communicated to the local authority and this should include a clear and competent alternative support.

Changed to: Should a school decide to opt out of the FMS financial system the headteacher **and governing body** must guarantee that the reports and returns are available in the format and timescales required. **Before purchase of the new financial system occurs, schools must provide evidence to the local authority that all statutory reports and returns can be generated by the new system in the format, layout and timescales required by the local authority.**

Reports and returns generated should not require any additional manipulation or manual amendment, either from the school or from the local authority officers, in order to meet the requirements. All reporting timescales as stipulated by the financial scheme must be met at all time including during the transition period to the new system. Equally, should the school decide to change their school's finance support provider **or the service level agreement**, notification of intent should be communicated to the local authority and this should include a clear and competent alternative support.

2.1.2 Provision of financial information and reports – pages 10 to 11

Reporting deadlines

Monthly throughout the financial year – 7th working day

Amended: i) VAT submittal report

ii) Full VAT report

Changed to:

i) VAT submittal report **PDF format signed by the Headteacher**

ii) Full VAT report in the **'Make Tax Digital' MTD format in Excel required by HMRC.**

New requirement added:

Bi-Annually - IFRS16 return Property and Non-Property Asset leases

i) **An updated Property and Non-Property return to 31st December**

ii) **A final Property and Non-Property return as at end of financial year**

3.6 Borrowing by schools – page 27

Added:

The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes.

Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.

The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. The link to the full Act including the consent list is here:

- [The IFRS16 Maintained Schools Finance Lease Class Consent 2024 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances.