

## Scheme for Financing Schools 2025-26

Southwark Schools Forum

26 June 2025

### Southwark Scheme for Financing Schools 2025-26

<b>Date:</b> 26 June 2025	<b>Item</b> 7	<b>Type of report:</b> Approval
<b>Report title:</b>	<b>Southwark Scheme for Financing Schools 2025-26</b>	
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### PURPOSE OF THE REPORT

1. The Scheme for Financing Schools (the Scheme) is the basis on which local devolved financial management of maintained schools operates. It applies to all maintained schools and to the local authority (LA) and it is for the LA to maintain the scheme, but it is for the Schools Forum to agree it.
2. This report provides an update on the Department for Education's (DfE) recent changes to the statutory guidance on schemes and seeks approval from the Schools Forum on the consequent amendments to Southwark Council's Scheme.

### RECOMMENDED ACTION FOR SCHOOLS FORUM

That the Schools Forum

3. Note and adopt the changes in the DfE statutory guidance;
4. Note and adopt the necessary updates in accordance with Teachers' Pension regulatory requirements; and
5. Approve the revised Southwark Council's 2025-26 Scheme for Financing Schools.

(NB: decisions are required by maintained schools representatives only)

### BACKGROUND INFORMATION

6. LAs are required to publish Schemes for Financing Schools, setting out the financial relationship between them and the schools they maintain. [The School and Early Years Finance \(England\) Regulations 2025, Schedule 4](#) (the Regulations) sets out the minimum content of those schemes.
7. The DfE provides [Statutory Guidance](#) (Issue 16, updated 27 March 2025) about the contents, but there is local discretion on some aspects of it. It is for the LA to maintain the scheme, but it is for Schools Forum to agree it, following consultation with all maintained schools.

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8. Revisions to the scheme, directed by the Secretary of State for Education, are mandatory requirements of the scheme and require no consultation with schools. In making any other changes to their schemes, LAs must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. LAs must take the guidance into account when they revise their schemes, in consultation with the schools forum.

### **KEY ISSUES FOR CONSIDERATION**

#### **Changes from previous issue (15) of the statutory guidance**

9. There are no new directed revisions in issue 16 of the statutory guidance and the following updates have been made by the DfE to reflect current policy positions and changes in legislation:
  - A. About this guidance: the issue number of the statutory guidance has been updated from 'issue 15' to 'issue 16'
  - B. Addition of an extra item where a school's budget share may be charged: the cost of an undisputed invoice for energy where a school has entered into an agreement with the Secretary of State for the supply of energy and failed to pay such an invoice (Regulation 23 of the regulations)
10. In addition, whilst no material changes have been made to section 8.5 Teachers Pensions which remains compliant with the Regulations and the statutory guidance, the section has been updated to reflect the most recent digital and regulatory processes introduced by Teachers' Pension and the consequent responsibilities of governing bodies.
11. Finally, cosmetic changes have been made in accordance with Southwark Council's written style guide, most notably, references to Southwark Council now being 'the council' and no longer referred to as 'Southwark'.

#### **Consultation**

12. As set out in the introduction to this report, only revisions directed by the Secretary of State do not require consultation with all maintained schools. The revised guidance makes it explicit that the updates outlined above are not directed revisions.
13. None the less, the updates do reflect current DfE policy decisions and Teachers' Pension regulatory requirements and, therefore, contain no element of LA discretion. Undertaking a consultation with all maintained schools cannot influence the inclusion of these updates.
14. Consequently, it is proposed that the Schools Forum adopt the amendments as set out above to ensure compliance with the statutory guidance, without consultation with all maintained schools.

#### **Amendments**

15. The final paragraph in section 1.1 (The Funding Framework) of the Scheme will be updated to state that:

The scheme has been written in accordance with issue 16 of statutory guidance (updated ~~28 March 2024~~ 27 March 2025) given by the Secretary of

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State pursuant to section 48(4) and paragraph 2A(2) of schedule 14 to the School Standards and Framework Act 1998.

16. **Appendix 1** of this report sets out the proposed update to section 8.5 (Teachers' Pension), highlighting the revised text (in **bold**) to incorporate the updates.
17. **Appendix 2** contains the final updated version of the 2025-26 Scheme, including all amendments as set out above (update reference to separate document)

## **CONCLUSION AND NEXT STEPS**

18. The amended scheme will be operational on the date of approval by the Schools Forum.
19. All maintained schools will be notified of the publication of the revised scheme, drawing attention to the amendments.

## **APPENDICES**

- |            |  |
|------------|--|
| Appendix 1 | Section 8.5 Update                                       |
| Appendix 2 | Southwark Council's Scheme for Financing Schools 2025-26 |

Current Scheme	Proposed Amendment
<p>In order to ensure that the performance of the duty on the authority to supply Teachers' Pensions with information under the Teachers' Pension Scheme Regulations 2014, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this scheme in relation to their budget shares The conditions apply to all governing bodies of the council's maintained schools, as the council does not currently provide a payroll service.</p> <p>All governing bodies of maintained schools should ensure that their payroll provider submit a monthly return of salary and service to the authority which the authority requires to submit its monthly return of salary and service to Teachers Pensions and to produce audited contributions certificate.</p> <p>A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the LA which the council, as the LA, requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited End of Year certificate</p> <p>The council will advise schools each year of the timing, format and specification of the information required from each school.</p> <p>In addition, governing bodies must also ensure that details of additional voluntary contributions (AVCs) are passed to the LA within the time limit shown in the AVC scheme. A governing body shall ensure that any such arrangement or agreement with an external provider is varied to require that additional voluntary contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.</p> <p>For the avoidance of doubt as to the overall responsibility for these activities rest with the school, regardless of whether the payroll provider delivers the work.</p>	<p>In order to ensure that the performance of the duty on the authority to supply Teachers' Pensions with information under the Teachers' Pension Scheme Regulations 2014, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this scheme in relation to their budget shares The conditions apply to all governing bodies of the council's maintained schools, as the council does not currently provide a payroll service.</p> <p>All governing bodies of maintained schools should ensure that their <b>external</b> payroll provider submit <del>a monthly return of salary and service</del> the Monthly Contributions Reconciliation return to the LA which the authority requires to submit its own <b>combined monthly return of salary and service</b> Monthly Contributions Reconciliation to Teachers Pensions and to produce its audited <del>contributions</del> End of Year Certificate.</p> <p>A governing body of any maintained school which directly administers its payroll, <b>or does so via an external payroll provider</b>, shall supply salary, service and pensions data to the LA which the council, as the LA, requires to submit <del>its annual return of salary and service</del> the Monthly Contributions Reconciliation return to Teachers' Pensions and to produce its audited <del>contributions</del> End of Year Certificate.</p> <p>The council will advise schools each year of the timing, format and specification of the information required from each school.</p> <p>In addition, governing bodies must also ensure that details of additional voluntary contributions (AVCs) are passed to the LA within the time limit shown in the AVC scheme. A governing body shall ensure that any such arrangement or agreement with an external provider is varied to require that additional voluntary contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.</p>

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<b>School responsibility through external payroll provider</b>	<b>What's needed?</b>
Monthly data collection <del>contribution</del> reconciliation (MCR)	<p><b>Supply Southwark Council's Teachers Pensions team with a MCR return, that is verified as correct and broken down by bands for employee and employer and additional voluntary contributions report, for collation and submission to Teachers Pensions by the LA in an agreed secure format, as soon as possible after the payroll run and no later than the end of the month.</b></p> <p><b>Errors identified are to be cleared within five working days of notification by LA</b></p>
Payment of monies due	<b>Remittance of monthly employee and employer contributions must be made at the same time as the MCR submission</b>
Response to <del>other</del> the council's external auditor queries raised	<b>Respond to requests for further information within five working days of notification by the council</b>
<b>Provision of external payroll provider's Annual Audit Assurance</b>	<b>To satisfy the council's Chief Finance Officer that it can adequately carry out the payroll functions through the external payroll provider, the governing body must obtain an Annual Audit Assurance from that payroll provider's own auditor to confirm that the payroll provider has reasonable controls in place to discharge their payroll functions, including functions relating to pension contributions in respect of employees at all maintained schools.</b>
<b>Arrangements for access to payroll records and payslips</b>	<p><b>The school must be able to obtain payroll records and reports from external payroll providers, spot check such records or secure statements, certified by the external payroll provider's own auditor, in sufficient detail to support pension return entries and the End of Year Certificate audit process.</b></p> <p><b>The school must have a data archiving policy which includes the creation and retention of payroll data, including individual employees' pay slips, members prints, opt in and opt out forms as well as start or stop notices for additional pensions which must be held for legal and regulatory compliance, IT restoration and disaster recovery purposes.</b></p>

End of year certificate	To be supplied to the council by 30 April in the format notified by the council <b>IS this required (DD)</b>
End of year errors	Respond to errors within 10 working days of notification to the Local Government Pension Scheme (LGPS) and the council
LA need to confirm missing or incorrect information on a Teachers record that is needed to ensure correct calculation of benefit	2 weeks from notification by Southwark Pensions Team.
Submission of joiners and leavers	Notify within 1 month of joining or leaving the scheme

*See separate PDF*