

1. EXECUTIVE SUMMARY

This report informs Schools Forum of a number of directed changes to the Scheme for Financing Schools as required by the Department for Education (DfE).

2. BACKGROUND

Local Authorities (LA) are required to publish Schemes for Financing Schools setting out the relationship between the LA and the schools they maintain. DfE guidance lists the provisions which a Scheme must, should or may include. The Scheme does not apply to Academy Schools.

As the changes detailed below are all directed revisions, the LA does not need to consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools.

3. Directed Changes

3.1 Submission of Financial Forecasts

From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

Local authorities should consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance, they could be used as evidence to support the local authority's assessment of schools financial value standards or used in support of the authority's balance control mechanism.

Local authorities must inform schools of the purposes for which they intend to use these 3-year budget forecasts: such a forecast may be used in conjunction with an authority's balance control mechanism.

Section 2.3.4 in the Scheme will be amended to read

3-Year Budget Forecasts

Schools must submit a 3-year budget forecast each year to ensure schools are undertaking effective financial planning. They must be provided to the LA no later than 30th June. The LA will use these forecasts to identify schools moving towards financial difficulties and to review overall school balances and projections.

3.2 Planning for Deficit Budgets

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.

Section 4.5 in the scheme will be amended to read

Planning for Deficit Budgets

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31st March of any year. (See “Licensed Deficits” para 4.9 below where schools cannot submit a recovery plan with a balanced budget the following year). The Authority cannot write off the deficit of any school.

3.3 Fraud

A new section 2.17 on Fraud will read:

Fraud

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 those controls. This information must also be included in the induction for new school staff and governors.

4. Updates

- 4.1 The list of Maintained schools in Annex A of the Scheme has been updated to remove schools who have converted to academy since the last Scheme update.
- 4.2 Children’s Services has been changed to Department of Children, Families and Schools.
- 4.3 Director of Children’s Services has been changed to Director of Children, Families and Schools.

Conclusion

The updated Scheme for Financing Schools will be published shortly

RECOMMENDATIONS

- 1. **Forum notes the report**

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