

SCHOOLS FORUM

Meeting date: 18 January 2022

**From: Dan Barton
Assistant Director – Education & Skills**

REVISIONS TO THE LA SCHEME FOR FINANCING SCHOOLS

1.0 EXECUTIVE SUMMARY

- 1.1 *This report proposes some amendments to the Cumbria LA Scheme for Financing Schools following a number of directed revisions by the Department for Education and changes/additions proposed by the LA.*
- 1.2 *In line with regulations, the draft Cumbria LA Scheme for Financing Schools is presented to the Schools Forum ahead of full consultation with all maintained schools.*
- 1.3 *Following consultation with all schools the final LA Scheme for Financing Schools will be presented at the 16 March 2022 Schools Forum meeting for approval by the maintained school representatives.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Improving the financial processes for schools is supportive of the Council Plan outcome that ‘People in Cumbria are healthy and safe’.*

3.0 RECOMMENDATION

- 3.1 *The relevant Schools Forum members are asked to note and feedback on the proposed changes to the LA Scheme for Financing Schools ahead of consultation with all maintained schools and pupil referral units to be launched on 24 January 2022 and encourage maintained schools to respond to the consultation.*

4.0 BACKGROUND

- 4.1 Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their Schools Forum representing maintained schools.

- 4.2 The Scheme applies to all Cumbrian maintained schools and pupil referral units. The Scheme does not apply to academies. Academies are directly accountable to the Department for Education in terms of compliance with financial regulations.
- 4.3 The Schools Forum approved a revised LA Scheme for Financing Schools effective from August 2020 following consultation with all maintained schools. Since that date, the DfE have issued a number of directed revisions to reflect current policy positions which require the Scheme to be updated. A number of additions and changes are also proposed by the LA.

5.0 DIRECTED REVISIONS

- 5.1 These revisions, which are directed by the DfE, do not require consultation with schools or Schools Forum. These changes become effective from the date that they were issued. There were 3 directed revisions published by the DfE in April 2021, however, only one has resulted in a need to update the current LA Scheme which relates section 4.9 Licensed Deficits and a point of policy clarification around budget share advances for schools with their own bank accounts which should be treated as a cash advance and not a loan. This is already applied in Cumbria but it not currently explicit in the LA Scheme.

6.0 LA PROPOSED REVISIONS

- 6.1 These relate to the following:
- Section 4.10 Loan Schemes. LAs are allowed to include in their Schemes a form of loan arrangement that does not operate by way of a licenced deficit but to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature. However, the current Scheme does not specify the LA's policy. Therefore, it is proposed to include the parameters and circumstances under which the LA will consider applications for capital loans.
 - Section 4.5 Planning for Deficit budgets and Annex J Challenge and Support Process for Schools with Deficit Budgets. The outcome of the DfE's consultation on financial transparency in maintained schools made it mandatory for LAs to include a provision in their Scheme that requires all schools with revenue deficits of more than 5% to submit a recovery plan to the LA. Annex J to the Scheme sets out the LA's policy on managing and supporting schools with deficit budgets which needs to be updated in light of this new legislation to clarify that all schools with deficit budgets must apply for licensed deficit and if their revenue deficit is more than 5% the application must be supported by a recovery plan.
 - Annex A – Responsibilities for Repairs and Maintenance. Updated wording to clarify the Annex applies to PRUs as well as schools.

- Annex H - Financial Regulations for Schools/PRUs – Appendix C - Becoming a Chequebook School – Section 6 Maternity/Adoption Leave Reimbursements. The procedures for claiming reimbursement of teacher maternity/adoption pay has been updated to reflect the new proposed payment arrangements, in particular, requests for reimbursement for new claims received more than six months after the first day of maternity/adoption leave will not be processed.

6.2 The LA Scheme has also been updated to include the latest version of the School Financial Value Standard (SFVS). A summary of the main proposed changes to the LA Scheme are found at Appendix 1.

6.3 The draft revised LA Scheme can be found at Appendix 2. The consultation with maintained schools and pupil referral units is planned to take place from 24 January to 11 February and schools will be notified via letter on the schools portal and will be asked to make comments via a link to the survey.

6.4 Once the consultation closes on 11 February, schools responses will be reviewed and the final LA Scheme will be presented to Schools Forum at the 16 March 2022 meeting for approval by maintained school representatives. It should be noted that a review of the financial values for school capital repairs and maintenance (Annex B of the LA Scheme) will be undertaken during 2022/23 as referred to separately in the DSG budget paper. Pending the outcome of this review a further update to the LA Scheme may be required at a later date.

7.0 OPTIONS

7.1 The relevant Schools Forum members are asked to note the proposed revisions to the LA Scheme for Financing Schools and consultation with all maintained schools.

8.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

8.1 Resource and value for money implications are considered throughout this report.

9.0 CONCLUSION

9.1 This paper updates the Schools Forum on proposed revisions to the scheme and the planned consultation with all maintained schools.

Amanda Chew
Finance Manager – Education & Skills

11 January 2022

REPORT AUTHOR

Contact:

Amanda Chew

Finance Manager – Education & Skills

Email: amanda.chew@cumbria.gov.uk