

# **SCHOOLS FORUM**

**Meeting date: 16 March 2022**

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

## **REVISIONS TO THE LA SCHEME FOR FINANCING SCHOOLS/PRUs**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report updates the Schools Forum on the outcome of consultation with maintained schools on the revisions and amendments to the to the Cumbria LA Scheme for Financing Schools/PRUs.*
- 1.2 *Approval of the draft LA Scheme for Financing Schools/PRUs, available at Appendix 1, is sought from the maintained school representatives of the Schools Forum.*

### **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 consider the outcome of the consultation with maintained schools and are recommended to approve the draft LA Scheme at Appendix 1.*

### **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 At the last Schools Forum meeting a number of revisions and amendments to the LA Scheme were presented. These included the following proposed changes:

- 4.9 Licensed Deficits. Wording amended to clarify that budget share advances for schools with their own bank accounts should be treated as a cash advance and not a loan.
- 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.

4.4 A consultation with maintained schools/PRUs on the proposed changes opened on 24 January for a period of 3 weeks. There was only one response to the consultation from a secondary school Head who was in favour of the loan scheme policy and had no further comments in respect of the other proposed changes.

4.5 A copy of the proposed LA Scheme for Financing Schools/PRUs is at Appendix 1 to this paper. If approved, it will be effective from 1 April 2022.

## **OPTIONS**

4.6 The relevant Schools Forum members are asked to:

- Approve the draft LA Scheme for Financing Schools
- or:
- Not approve the draft LA Scheme for Financing 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 the LA Scheme for Financing Schools/PRUs consultation outcome and the relevant members of the Schools Forum are asked to approve the draft which is proposed to come into effect from 1 April 2022.

**Amanda Chew**  
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*9 March 2022*

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### **Appendices**

*Appendix 1 – Draft LA Scheme for Financing Schools/PRUs April 2022*

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