

Schools Forum

1 October 2020

Section 48 – Scheme for the Financing of Schools

This report relates to Maintained Schools only.

Recommendations

1. The maintained school representatives of Schools Forum are recommended to agree the revised scheme for financing of schools which now reflects proposed changes by the DfE.
2. The maintained school representatives of Schools Forum agrees the timetable for consultation on the changes with maintained school.

1. Introduction

- 1.1. Warwickshire County Council is required to publish a **scheme for financing of schools** setting out the financial relationship between the authority and the schools it maintains. The proposed guidance is attached at **Appendix A**.
- 1.2. The guidance the local authority publishes covers the following legislation:
 - Section 48 of the Schools Standards and Framework Act 1998, and Schedule 14 to the Act;
 - Schools and Early Years Finance (England) Regulations 2018.
- 1.3. The Department for Education (DfE) periodically revise their guidance to Local Authorities and the last time the guidance changed was April 2019.
- 1.4. Once Schools Forum have approved amendments to the scheme the Local Authority will consult with all of its maintained schools. This consultation will last 4 weeks and will start on Monday 5 October 2020. The outcomes of this consultation will be reported back to the next meeting of the Schools Forum.

2. Amendments to the Scheme

2.1. 3-Year Budget Plans

- 2.1.1. From 2021-22 funding year, each maintained school must submit a three year budget forecast to the Local Authority by 1 May each year.
- 2.1.2. 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 assessment of schools in deficit or at risk of going into deficit.
- 2.1.3. 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 assessment of schools in deficit or at risk of going into deficit.
- 2.1.4. Warwickshire has for a number of years required maintained schools to submit 3-year budget plans.
- 2.1.5. The LA requires this information as supporting evidence of the annual Schools Financial Value Standard returns and to assess the likelihood of individual schools going into deficit in future years.
- 2.1.6. This is covered in paragraph 2.9 of the scheme.

2.2. Planning for Deficit Budgets

- 2.2.1. Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year within the 3-year budget forecast. 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.
- 2.2.2. Warwickshire recommends setting the limit at 5% and this is covered in paragraph 4.9.1 of the scheme.

2.3. Insurance

- 2.3.1. Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA.
- 2.3.2. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires.
- 2.3.3. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.
- 2.3.4. This is covered in section 9 of the scheme.

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