

SCHOOLS' FUNDING FORUM

SUBJECT:	Updates to the Scheme for Financing Schools
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SUMMARY OF REPORT:

To note the mandatory changes to the Scheme for Financing Schools

FOR:	For Information
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1. Summary

1.1 Local authorities are required to publish a scheme for financing schools setting out the financial relationship between them and the schools they maintain.

1.2 Following the consultation with schools late last year on the Financial transparency of local authority-maintained schools and academy trusts. The Secretary of State have made the following directed changes to the Scheme for Financing Schools. Please note these changes have been reviewed in conjunction with the current Kent scheme and changes made where appropriate.

Submission of financial forecasts

1.3 The Secretary of State has directed the following wording should be incorporated into the Scheme of Financing: "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 must also inform schools of the purposes for which they intend to use these 3-year budget forecasts.

Outcome: the Kent Scheme already includes the appropriate wording and does not require any changes.

Planning for deficit budgets

1.4 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.

Outcome: Kent's deficit policy is already outlined in the Scheme. This policy meets the conditions set down by Secretary of State and there is no proposal to change this policy at this time. The appropriate wording will added where necessary.

- 1.5 The scheme of financing schools is currently being reviewed by Schools' Financial Services (SFS) to ensure it is update and reflects current circumstances. In addition, the scheme wording in relation to repairs and maintenance and the funding of health and safety inspections is being reviewed. Any further potential changes will be shared with the Schools Funding Forum for decision.