

## **Title of report: Local Management of Schools - Scheme amendments**

**Meeting: Herefordshire schools forum**

**Meeting date: Friday 24 September 2021**

**Report by: Strategic Finance Manager**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards);

### **Purpose**

The Department for Education has requested changes to the council's local scheme for managing schools. Schools Forum is asked to approve the changes. The changes are to ensure that schools provide a five year budget forecast and that schools in deficit provide a recovery plan if the deficit is greater than 5%.

### **Recommendation(s)**

**That: Statutory amendments to the Local Management of schools scheme of delegation be approved as follows;**

- a) Revision to Para 2.3.1 (a) "Each school must submit a five-year budget forecast each year by 1 June. In exceptional circumstances this may be extended to 30 June on request.**
- b) 4.9 Licensed Deficits and recovery plans – new paragraph 4.9b – " Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021."**

## Alternative options

1. The Department for Education has asked local authorities to include amendments in their formal scheme of delegation. There is an alternative not to make the amendments but the Department for Education will simply ask Herefordshire to do so or direct the changes upon us.

## Key considerations

2. The Department for Education has published issue 13 of the statutory guidance given by the Secretary of State pursuant to s.48(4) and paragraph 2A(2) of Schedule 14 to the School Standards and Framework Act 1998, [School Standards and Framework Act 1998](#). The statutory guidance concerns the outcomes of the consultation on 'Financial transparency of LA maintained schools and academy trusts' and sets out required changes to schemes of delegation.
3. Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain. The statutory guidance published by the DfE lists the provisions which a local authority's scheme must, should or may include. Schemes need not follow the format used in the guidance, except for the text of directed revisions.
4. In making any changes to their schemes, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum. Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain.
5. Due to delays caused by COVID-19, and in order to provide schools with sufficient notice to comply with the new requirements, the changes to Issue 13 of the scheme for financing local authority maintained schools will take practical effect from 1 April 2021.
6. The changes in this issue of the scheme include the requirement for local authority schemes to include a requirement for schools to submit a 3-year budget forecast each year, and the directive for schools which have a deficit of over 5% to submit a recovery plan to the local authority.
7. The changes relating to financing and operating leases (IFRS16) that were due to come into effect on 1 April 2020 have been delayed until at least 1 April 2021, due to the COVID-19 pandemic. A further update to the scheme for financing schools will be published prior to any changes taking effect.
8. The recommended changes to the Herefordshire scheme for financing schools are set out in the appendix

## Community impact

9. In accordance with our code of corporate governance, Herefordshire Council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an

overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. The council is committed to ensuring openness and transparency and the recommendations of this report demonstrate the reasons for a policy change being made.

## **Environmental Impact**

10. There is no environmental impact arising from these statutory changes

## **Equality duty**

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

12. As this is a statutory required by the Secretary of State, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

13. There are no resource implications arising from these statutory changes at the present time since five year budget plans are automatically produced by the schools' budgeting software and no school has a deficit exceeding 5%.

## **Legal implications**

14. The recommended amendments to the Scheme are in accordance with updates to the Department for Education Guidance to reflect changes in the Schools and Early Years Finance (England) Regulations 2021. Department for Education Schemes for financing schools Statutory Guidance for local authorities March 2018 states that councils 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, councils must consult all schools in their area and receive the approval of members of their schools forum representing maintained schools. Councils must take this guidance into account when revising their schemes, in consultation with the schools forum.

## **Risk management**

15. The council will fully comply with the revisions to the scheme.

## **Consultees**

16. All locally maintained schools have been consulted via the Spotlight newsletter during the summer term 2021 and no comments received. A copy of the amended scheme will be distributed to all locally maintained schools after half term later in October 2021. The council's Chief Finance Officer has been consulted and is content with the proposed changes to the scheme of delegation to schools.

## **Appendices**

Appendix 1 Summary of changes to the scheme of delegation for Local Management of Schools

## **Background papers**

None identified

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

BWG Budget Working Group (of Schools Forum)  
CAMHS Children and Adolescent Mental Health Service  
DSG Dedicated Schools Grant  
DfE Department for Education  
EHCP Education Health Care Plan  
ESFA Education and Skills Funding Agency  
LMS Local Management of Schools  
PRU Pupil Referral Unit  
H3 Home and Hospital Teaching Team (Hub, Home, Hospital)  
SEN Special Education Needs  
SEND Special Education Needs and Disability