



Northumberland County Council

Wellbeing and Community Health

Agenda Item 9

SCHOOLS FORUM

19 July 2023

Scheme for Financing Maintained Schools 2023/24

1. Purpose of the Report

To review and approve the revised Scheme for Financing Maintained Schools for the period commencing 1 September 2023.

2. Recommendations

It is recommended that Schools Forum approve the attached draft Scheme for Financing Maintained Schools.

3. Background

Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain. This is reviewed on an annual basis, in consultation with Schools and the Schools Forum. We consulted on the draft Scheme via the Ecourier on 18 May 2023 with a closing date of 22 June 2023. No comments were received as a result of the consultation. A copy of the proposed Scheme for the academic year 2023/24 has been circulated with this report, proposed changes have been highlighted by in yellow, with the exception of those Schools to whom the Scheme is no longer applicable due to academisation, (shown as ~~strike through~~ in Annex A).

4 Changes for September 2023

- 4.1 The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction, however there are no such substantive changes “directed revisions” to the Scheme for 2023/24.
- 4.2 One minor change to clarify the ESFA position has been made in relation to retention of funds for the sale of land assets, highlighting the need for Secretary of State approval prior to any such transactions (Section 5.4).

The latest updated ESFA guidance is available at:

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

- 4.3 Given that schools are currently in a more volatile financial environment due to the higher levels of pay and price inflation, Northumberland is also taking the opportunity to revise the level of reserves a small school is allowed to carry forward. Currently secondary and middle schools are allowed to carry forward an amount equivalent to 10% of the current years school budget share. For primary and first schools 16% is allowed. This figure is higher than the secondary figure to reflect that budget are generally smaller.
- 4.4 However there are significant differences in the size of first and primary schools in Northumberland; primary school number range from 3 pupils to over 600, and discussions with smaller schools have led to a suggestion that we should consider an absolute minimum figure to assist schools in holding a general

reserve to enable them to meet unforeseen costs arising e.g. from redundancy. On that basis it is suggested a minimum figure of £50,000 is introduced, for comparison the 16% limit for the smallest Northumberland school would currently only be allowed £31,475 unrestricted reserve.

- 4.5 In addition section 2.3 of the Scheme currently requires schools to submit their detailed budget to the Director of Finance “no later than 1 May each year”. It is realised that this deadline presents a challenge, and it is proposed to extend this to 15 May.

5 Summary and Conclusion

Other than the minor change outlined above, no major improvements are proposed by the ESFA or NCC to the Scheme for Financing Schools for 2023/24. The format and the content of the Scheme for Financing Maintained Schools is largely dictated by the requirements of the ESFA, but we continue to work collaboratively with schools to identify and resolve any potential problems.

B Parvin
Education and Skills Business Manager
07 July 2023