

**SLOUGH SCHOOLS' FORUM**  
**10 Oct 2018**

**Directorate of Children Learning and Skills**

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**Consultation Results on The Scheme for Financing Schools and Licenced Deficit Scheme**

**1 Purpose of Report**

To advise the Forum of the results of the autumn consultation on the changes to the scheme for financing schools and a licenced deficit scheme for schools (**Appendix 1**). If approved, the licenced deficit scheme will form part of the scheme for financing schools. This only applies to maintained schools as the ESFA is charged with supporting academies who find themselves in a deficit budget position and the Academies handbook governs the financial operation of academies.

**Background**

In 2018-19 a directed revision to the Scheme for Financing Schools was made by the Secretary of State for Education. The revision made it clear that Local Authorities could not operate a revenue loan system for schools who find themselves in a deficit budget position. As school budgets get more pressured and schools find it harder to achieve a balanced budget, the local authority requires a process in which it enables schools to receive funding to cover any deficit. The options for doing this were set out in the consultation document sent to schools. Directed revisions to the scheme for financing schools have been included into Slough's scheme along with a few other alterations in order to bring it in line with the DfE scheme for 2018/19. This will make it easier to cross reference any chapters referred to by the DfE.

**2 Licenced Deficit**

The proposals for a licenced deficit are contained within the main consultation document.

**2.2** The results of the consultation are as follows:

- All of the schools who responded voted for "C" Cash Advance only

**3 Scheme for Financing Schools**

A revised Scheme for Financing Schools can be found at **Appendix 2**. This contains both the directed revisions as well as some minor changes to bring the scheme back in line with the DfE scheme, which can be found on the following link;

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

The summary of changes made to the scheme (excluding numbering revisions) can be found in **Appendix 3**.

**3.2** The results of the consultation are as follows;

- Two out of the three schools who responded voted to accept the revised scheme for financing schools.
- One school declined to accept the scheme due to areas within the scheme other than the directed revisions.

## **4 RECOMMENDATIONS**

**4.1** Forum Agrees:

- To note the outcome from the consultation and approves the adoption of the revised Scheme for Financing Schools that accompanies this report.
- Notes the outcome of the consultation for a licence deficit scheme and the preferred option; C – Cash advances.
- To review the Licenced Deficit scheme with a view to including it into the current scheme for financing schools once finalised.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

**5.1** Not applicable

## **6 SUPPORTING INFORMATION**

**6.1** The results of the consultation are appended to this report

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

**7.1** Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

**7.2** Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

**7.3** Access Implications

There are no access implications.

## **8 CONSULTATION**

**8.1** Consultation results are appended to this report.

Contact for further information

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## Results of Consultation

### Q1. Is your school happy to accept Slough Borough Council's Scheme for

Yes	No	Comment
2	1	<p>We do not agree because:</p> <p>Para 2.14 The £20k is inconsistent with para 2.10.2. Surely it is not appropriate to be discussing operational elements of the school devolved budget with the LA – e.g. the purchase of a mini bus or a suite of PC that come to say £25k is a school matter and not council based. As a minimum the two paragraphs outlined above should be consistent and at a sensible value i.e. £60k currently disclosed – but even this figure should be inflated – as it has remained £60k for a number of years.</p> <p>Para 4.22. If it is being suggested that 5% and 8% are recommend / good practise thresholds – and no supporting information is requested at these levels (or in deed below these percentages ) – then by default if a school has a higher percentage than the recommended figs – it's only the additional/ difference that requires explanation. Not the full amount. E.g. Secondary School A has 5% reserves – nothing is required as supporting information but Secondary School B has 5.5% and has to explain all the balance – that cannot be a pragmatic approach and way forward.</p>

### Financing Schools as outlined in Appendix 1?

### Q2. Schools are asked to express their view on the preferred approach to dealing with any school facing a deficit budget position.

**A – De Delegation, B – Schools Balances, C – Cash Advance**

**Please note option C can be utilised alongside either of the other two options and where possible will be utilised prior to either of the other two options**

A	B	C	Comment
		3	<p>I believe that with good budgeting and monitoring a school should not get into deficit. The Local Authority should be looking at schools' set budgets and quarterly monitoring. They should be aware of a school's situation, if correct reporting is being done and looked at. They should intervene and question schools if they can see that problems might occur. This would mean meeting with the school, finance staff, headteacher and governors; investigating and making suggestions. A school shouldn't be left unaided to get into a position of a continued deficit.</p> <p>Also why should a school that has budgeted well, making savings where needed, monitored quarterly checking on their position, bail out schools that are unwilling to make changes and look at ways to make savings, carrying on spending knowing they don't have funds available. Yes, we</p>

		should help others, but just giving money isn't always the answer
		We believe that any school that mismanages their finances should be tasked with the delivering corrective action without impacting on its peer schools
		We are not happy to accept options A and/or B due to the current uncertainty in schools funding as we would have concerns that we would not be in a position to contribute – discussed and agreed by the GB and Head
		Licensed deficits - My concern is that the impact on the maintained schools could be an issue as they are small in number and likely to decrease. I would also I would like to see a role for Schools Forum in agreeing any scheme annually and also in the decision re any individual school.