

**North Northamptonshire Schools Forum: 19 January 2023**

**Agenda Item 4**

**North Northamptonshire Council's Scheme for Financing Schools 2023-24**

**1 Background**

- 1.1 It is incumbent upon each local authority to devise a Scheme for Financing Schools within the area. This scheme serves to define the financial relationship between the authority and the schools, thereby ensuring the proper financial management of said institutions.
- 1.2 The Scheme for Financing Schools established by local authorities includes provisions for banking, accounting, and audit arrangements. The Department for Education has provided guidance on what should be included in these schemes, which can be accessed through the following link:  
<https://www.gov.uk/government/publications/schemes-for-financing-schools>
- 1.3 It is important that all schools are consulted regarding any amendments or additions to the financing scheme. This report serves to Schools Forum to note the content of the scheme for 2023/24 and to obtain the Forum's agreement for the publication of the scheme.

**2 Changes to the Scheme for Financing School**

- 2.1 The Department for Education's guidance did not necessitate any direct alterations to the financing scheme yet, however it is possible for them amend in 2023/24. The key change as per the outcome of December 2022 forum is the addition of the two clauses below;
  - **Provision of financial information and reports** - Schools are required to submit their Bank account and VAT returns on a monthly basis. In the event that a school fails to submit a required bank account return twice without providing a satisfactory explanation, it should be noted that funding may be withheld until the missing return is received. It is important for schools to stay current with their reporting obligations in order to avoid any potential delays in funding
  - **Submission of Financial Forecasts** - Schools are also required to submit budget monitoring returns on a quarterly basis. If a school fails to submit these budget monitoring returns twice without a satisfactory explanation, funding may be withheld until the return is received. It is important for schools to stay up-to-date with their reporting obligations in order to avoid any potential interruptions in funding.
- 2.2 These changes are set out in the Scheme for Financing Schools Document at Sections 2.2 and 2.10

**3 Reason for the changes**

- 3.1 In order to report on the Dedicated Schools Grant (DSG) and schools on a monthly basis to the Executive, North Northamptonshire Council requires timely receipt of school financial information on a monthly basis. This will enable the council to accurately capture the financial information of schools on its ledger and maintain an up-to-date financial position of each school. By receiving this information on a regular basis, North Northamptonshire Council will be able to fulfil its reporting obligations in a timely manner.

3.2 The timely receipt of school financial information also enables North Northamptonshire Council to effectively monitor and support schools facing financial challenges. By keeping track of this information on a regular basis, the council is able to take timely action as needed and keep the Schools Forum and the council's Executive informed about the financial status of schools. This helps to ensure that appropriate support is provided to schools and that any issues are addressed in a timely manner.

#### **4 Recommendations for Schools Forum**

4.1 Schools Forum approves the draft scheme for 2023/24 and note there might be changes if DFE update the guidance in year.

#### **5 Next Steps**

5.1 The next steps depend on the feedback given by Schools Forum voting members (maintained Schools representatives only) at this meeting, which could include publishing it on the NNC website.

#### **6 Financial implications**

6.1 Paragraph **2.24 Notice of concern** in North Northamptonshire's Scheme for Financing Schools states:

*The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the NNC Chief Finance Officer and the Director responsible for Childrens Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.*

*Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations, or prohibitions in relation to the management of funds delegated to it.*

#### **7 Legal implications**

7.1 The Scheme has been written using the Statutory guidance given by the Secretary of State pursuant to s.48 (4) and paragraph 2A (2) of Schedule 4 to the School Standards and Framework Act 1998, School Standards and Framework Act 1998.

#### **8 Risks**

8.1 If financial difficulties at schools are not identified and addressed in a timely manner, there is a significant risk that an increasing number of schools may not receive the necessary support. Early intervention by the local authority could help to mitigate this risk by allowing for proactive management of these situations. It is important for the local authority to be able to identify and address financial challenges at schools as soon as possible in order to provide the necessary support and prevent the situation from worsening.

#### **Report Author:**

Officer name: Salik Khan

Officer title: Finance Business Partner

Email address: [salik.khan@northnorthants.gov.uk](mailto:salik.khan@northnorthants.gov.uk)