



# ISLINGTON SCHOOLS FORUM

Chair: Abi Misselbrook-Lovejoy  
c/o Governor Services  
222 Upper Street  
London N1 1XR

## SCHOOLS FORUM

<b>MEETING DATE</b>	<b>15 July 2021</b>
<b>AGENDA ITEM 7</b>	<b>Scheme for Financing Schools 2021-22</b>
<b>RECOMMENDATIONS</b>	<b>That maintained school forum members:</b>  a) Make decisions on each of the responses

### 1 Background

- 1.1 Section 48 of the School Standards and Framework Act 1998 requires Local Authorities (LAs) to prepare a Scheme for Financing Schools that sets out the financial relationship between the LA and its maintained schools. The Scheme should set out the requirements for financial management and associated issues that are binding on both the LA and its schools.
- 1.2 Updates in this report are in accordance with issue 13 of the statutory guidance given by the Secretary of State.
- 1.3 Any locally proposed revisions to the Scheme are subject to consultation with maintained schools. The LA conducted a 10-day consultation, plus a short extension, ending 13 July. There were 19 anonymised responses; an analysis of the results, including any comments, can be viewed in appendix A.

### 2 Recommendations to Forum

- 2.1 Members of Forum representing maintained schools only can vote on approval decisions.
- 2.2 Question 1 – With a balance of 12 to 7 in favour of schools providing a monthly monitor in the final quarter, including material variances, **it is recommended that Schools Forum agree to include within the Islington Scheme for Financing Schools.**
  - In response to comments raised - I understand why this information will be helpful. It would be good to know however what you intend to do with it and how it might change your approach to individual schools. [The LA would use the monitoring to; determine newly identified deficit positions; review material variances reported by schools to determine future training requirements; review commitments to determine outstanding items due from the LA \(income and expenditure\); report to Corporate Finance on forecasted budget positions. By tightening controls this could prevent significant variances in the final quarter](#)
  - monitoring would be improved with better information from the LA, especially with regard to early years payments and central charges and income. [Early Years adjustments, schools are able to use the forecast tool which is issued termly, to include their participation numbers to identify potential increases or losses to their final adjustment in the spring term and include as a positive or negative commitment. Protection arrangements will be notified following the completion of the January census. The proposed monthly reporting in the final quarter will be used to identify outstanding items from the LA, where the school has identified commitments.](#)

- I think this is an added tier of work with no value added by submitting more frequently. Monthly submission is already in place if you are in deficit. [Good practice would suggest that monthly monitoring would be completed as part of schools processes. Whilst this may not be taken to governing body meetings on a monthly basis, the projected outturns would be considered by SLT and appropriate action taken, where necessary.](#)

2.3 Question 3 – 18 respondents were in favour of submitting budget assumptions when sending their 3-year ratified budgets, 1 respondent was against the proposal. The budget planner used by schools contains a pupil number forecast report which the LA will request schools to submit at the time of their budgets. **It is recommended that Schools Forum agree to include within the Islington Scheme for Financing Schools**

- In response to comments raised: Will there be a simple format to do this in? HCSS web does contain this information, so for the sake of efficiency it would be good to know what can be directly reported from there. [The HCSS budget planner used by schools includes a pupil number forecast report that can be downloaded in to either an excel or PDF version](#)
- LA needs to be very clear about what information is required and what format they want it in. [The LA will request the pupil number forecast report and, where schools are presenting cumulative or in-year deficits, additional information may required with regards to income assumptions, outside the budget afforded to them](#)
- We currently have census returns 3 times a year which record pupil numbers. We have ability to put in accurate children numbers in HCSS and it automatically takes into account roll numbers in each year group. [The LA will review pupil number assumptions in years 2 and 3 of the ratified budgets to determine efficacy when compared to the latest admission numbers and place planning projections.](#)

2.4 Question 5 – 11 respondents agreed to the proposal of reforecasting and submitting revised budget plans in the autumn term, 8 were against. The intention of the proposal focuses on schools updating their previous ratified budgets for new known facts e.g. the DfE releases their future years' operational guidance after the submission of ratified budgets, usually towards the end of July. 2022-23, for example, will be the third and final year of the current 3-year school funding settlement and the release of the operational guidance will include uplifted factors values which have not been included with the budget planner in years 2 and 3. In some schools cases, this could be the difference between entering in to a deficit position or moving in to a surplus. Furthermore, schools will know actual pupil numbers joining the school in September and are recorded on the October census. These revised pupil numbers will inform Year 2 budgets. As a final consideration, pay awards that may / may not have been included in the budget planner should become known nationally and budget projections can be adjusted accordingly. The LA would consider it good practice for schools and their governors to revisit their 3-year budget plans once known information becomes available and to adjust their budget forecasts for years 2 and 3. This may lead to additional funds to the school or may highlight further budget pressures which the school should prepare for and mitigate at the earliest stage. **It is recommended that Schools Forum agree to include within the Islington Scheme for Financing Schools**

2.5 Question 7 – 17 respondents were in favour of documenting in the appropriate governing body minutes where budget pressures have been identified potentially leading the school into a cumulative deficit position. Schools and their governing body are responsible for ensuring they remain within the budget available to them, including brought forward balances. The LA would request that where either an in-year or future year deficit is identified, this is formally noted within the governing body meeting minutes, in recognition that the issue has been identified and what corrective action is taken to mitigate the pressures. 2 respondents were not in favour of the proposal. **It is recommended that Schools Forum agree to include within the Islington Scheme for Financing Schools**

- In response to comments raised: I think this may read as LBI washing its hands of responsibility for schools and passing it onto a group of volunteers who may have little

understanding of what to do about deficit budgets. I think it's fine to emphasise Governor responsibility, so long as this is backed up by clear information about the options Governors have in fulfilling their responsibilities and there remains a commitment from LBI to support them. The LA is not proposing to step away from statutory responsibilities, rather, school and governors recording discussions held at governing body meetings in relation to finance and potential deficit outturns, in-year and future years. The LA will continue to work closely with schools currently in deficit or at risk of future deficits. As is current practice within the Finance / Resources Committee, governors would scrutinise the in-year budget outturn. Should a deficit be identified corrective action would be applied, where possible, to mitigate the budget pressures. Where this is not possible, it is the responsibility of the school and their governors to report any deficit outturn position to LA once the position is known. Within the minutes, it is the LAs expectation that that action is formally recorded.

- 2.6 Question 9 – 17 respondents were in favour of including the purpose for which the 3-year budget plans will be used in the Scheme for Financing Schools; as evidence in supporting the assessment of the schools financial value standard (SFVS) and supporting the LAs balance control mechanism. 2 respondents were against this proposal. **It is recommended that Schools Forum agree to include within the Islington Scheme for Financing Schools**

### **3 Recommendations**

- 3.1 It is recommended that Schools Forum discuss and agree / not agree to each of the proposal questions.
- 3.2 For each of the proposals agreed, the Scheme for Financing Schools will be formally updated and will become effective from September 2021.

Contact

Debbie Stevenson  
Head of Schools & Early Years Finance Services  
Tel: 020 7527 5763  
Email: [debra.stevenson@islington.gov.uk](mailto:debra.stevenson@islington.gov.uk)

## Appendix A – Analysis of results

Forms(<https://www.office.com/launch/forms?auth=2>)

? SD

### 2021-22 Scheme for Financing Schools - Consultation

19

Responses

10:57

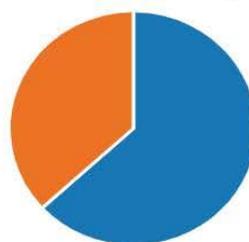
Average time to complete

Closed

Status

1. In assuring the authority's balance control mechanism, providing greater confidence and certainty on projected balances, the LA is proposing that all schools provide a monthly monitor to LA in the final quarter of the final year (January to March) and for the school to report on material variances, as is current within the scheme (section 2.3.1). Do you agree?

Insights



2. Do you have any comments to question 1?

Insights

12

Responses

Latest Responses

*"It is not clear to me from the wording used whether an LDA is require...*

*"Seems prudent to avoid a repeat of this year's significant changes in t...*

*"No additional workload for schools doing monthly Budget Monitoring...*

#### Do you have any comments to question 1?



I understand why this information will be helpful. It would be good to know however what you intend to do with it and how it might change your approach to individual schools.

monitoring would be improved with better information from the L, especially with regard to EY payments and central charges & income.

I feel that this should remain at the Governance level

We already produce this.

I think this is an added tier of work with no value added by submitting more frequently. Monthly submission is already in place if you are in deficit.

No, we do this anyway to a degree.

Budget monitoring would be more accurate if the the LA provided better information, i.e. early years payments, SOI and SOC

No additional workload for schools doing monthly Budget Monitoring so fine with this.

Seems prudent to avoid a repeat of this year's significant changes in the final quarter

It is not clear to me from the wording used whether an LDA is required for schools with an in-year deficit budget (which is balanced with use of a surplus) or not. I think it would be helpful to clarify wording on this.

3. The statutory guidance states the scheme should contain a provision requiring each school to submit a plan to the local authority by a stipulated date showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The LAs scheme currently states the annual budget must be submitted in CFR format by 31 May each year. New to 2021-22, the LA requires schools to submit their assumptions underpinning the the budget plan, in particular regard to pupil number forecasts (section 2.10.2). Do you agree?



4. Do you have any comments to question 3?

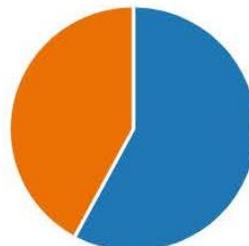


Latest Responses

*"Also seems prudent in light of falling pupil number across the boroug..."*

*"Makes sense. "*

5. The statutory guidance states the provision may require the submission of revised plans throughout the year but should not be more often than once every three months. The LA is proposing that schools submit revised budget plans in the autumn term, reflective of updated information from the DfE and latest pupil number projections (section 2.10.7). Do you agree?



6. Do you have any comments to Question 5?



Latest Responses

*"No"*

*"Makes sense. Gives school a better understanding of the 'real' financi..."*

**Do you have any comments to question 3?**



Will there be a simple format to do this in? HCSS web does contain this information, so for the sake of efficiency it would be good to know what can be directly reported from there.

LA needs to be very clear about what information is required and what format they want it in.

We currently have census returns 3 times a year which record pupil numbers. We have ability to put in accurate children numbers in HCSS and it automatically takes into account roll numbers in each year group. Pupil forecasts are very difficult to predict, although as a figure has to be used its important to understand how it was derived

LA need to be very clear what information is required and what format they want it in - this should not be an administrative burden or a moving target.

Schools will need to be given clear information on what information will be needed and how they need this information to be given

Makes sense.

Also seems prudent in light of falling pupil number across the borough and London to avoid unforeseen financial losses

**Do you have any comments to Question 5?**



charges are picked up in the monitoring, and when required, virements can be made.

The changes are included in the monitoring, where required,  
This could be a lot of work but would be useful.

We currently submit BM1/4ly to LA but need to present BM to Governors minimum 6 times. If there are big changes we would re-do the budget but don't as matter of course as there are usually no big alterations.

One revision a year should be adequate. Given the current stresses and overwork, its very important not to create work that isn't absolutely necessary.

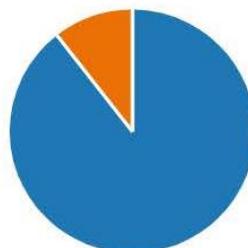
Changes are picked up in the monitoring and, where absolutely required, virements can be made.

Any changes are picked up on monthly monitoring where virements can be made with Governor approval

Makes sense. Gives school a better understanding of the 'real' financial situation for the rest of the financial year.

No

7. To strengthen the governing body's responsibility for acknowledging and responding to future year's deficit financial forecasts, the scheme will specify that the governing body is responsible for ensuring appropriate action is taken to address deficits and that this is documented within relevant minutes (section 2.11.2). Do you agree?



8. Do you have any comments to question 7?



Latest Responses

*"As a school with a deficit, we do this - 6 times per year reporting bud..."*

*"Already do that. "*

9. Local authorities must inform schools of the purposes for which they intend to use these 3-year budget forecasts. On this basis the LA is proposing to add to the scheme that budget plans will be used as evidence in supporting the assessment of schools financial value standard (SFVS) submissions and supporting the LA's balance control mechanism. Do you agree?



10. Do you have any comments to question 9?



Latest Responses

*"No"*

*"No"*

*"n/a"*

Do you have any comments to question 7?



I think this may read as LBI washing its hands of responsibility for schools and passing it onto a group of volunteers who may have little understanding of what to do about deficit budgets. I think it's fine to emphasise Governor responsibility, so long as this is backed up by clear information about the options Governors have in fulfilling their responsibilities and there remains a commitment from LBI to support them.

Governor responsibilities made clear as to how they would monitor this and what action should they take if actions are not being taken.

It is the job of the GB to understand these issues and address them as required.

Governors' responsibilities need to be clear as to how they should monitor this and what action should they take if actions are not being taken. Training needs to be offered to ensure there is a common understanding.

G boards are already responsible for their schools budgets. We disagree with this statement as it reads as disowning of responsibility by the LA. Governing Boards are volunteers and do not necessarily have the financial skills to take responsibility without support for the LA

Governors need to be given clear guidance on how to monitor this and what they can do if appropriate action is not being taken

Already do that.

As a school with a deficit, we do this - 6 times per year reporting budget monitor (as per SFVS) with challenge around deficit reduction

Do you have any comments to question 9?



Seems reasonable

It sounds like a tick box exercise. In our experience the value of years 2 and 3 of the forecasts is very limited as there are big gaps in the accuracy of the assumptions used to make those forecasts.