



# Northumberland County Council

**Wellbeing and Community Health Services Group**  
**Education and Skills Service**

**Agenda Item 8**

## **SCHOOLS FORUM**

**04 July 2018**

### **Review of Scheme for Financing Schools**

#### **1. Purpose of the Report**

Please find attached a revised draft of the Scheme for Financing Schools, the key document that sets out the financial relationship between Northumberland County Council and its maintained schools.

#### **2. Background**

It is based on statutory guidance published by the Department for Education (DfE), the latest version of which is available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692786/Schemes\\_for\\_financing\\_schools.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692786/Schemes_for_financing_schools.pdf)

3. Local authorities must take this guidance into account when schemes are revised.
4. The only proposed revision to the Northumberland Scheme is in relation to a direction made by the DfE that clarifies the position in relation to loans made to schools.
5. When a loan is made by a local authority to a school in relation to the cost of a capital asset, if a school subsequently converts to an academy, the responsibility for the loan transfers to the academy trust. The new direction clarifies that if a loan relates to a schools ongoing recurring revenue costs, (as has been the case in some authorities) the Secretary of State may rule that such a loan should not transfer. Negotiation and review may be required where any loan reflects a combination of capital and recurring revenue expenditure.
6. Discussions with Corporate Finance indicate this does not have any implications for Northumberland as all loans have related to “capital type” expenditure, where an assist as an expected benefit beyond one year. Section 4.10 deals with the loan scheme.

#### **7. Recommendation**

The Schools Forum is recommended to approve the report and adopt the proposed draft of the Scheme for Financing Schools.