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|  | | Coventry Schools Forum 23rd January 2025  Agenda Item 9 |
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| Children’s & Education Services | |

**Title: Approval of Fair Funding Scheme of Delegation**

**Recommendation**

This item is for the School Forum to approve:

* **The Schools Forum should approve the proposed changes to the Fair Funding Scheme of Delegation as set out in section 2 of this report.**

**Voting:** Maintained Members

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## Background

### Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act set out that Local Authorities should have a Scheme of Delegation.

### Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.

### In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their Schools Forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the Schools Forum.

### The link to the draft consultation version of Fair Funding Scheme of Delegation is available at:

<https://www.coventry.gov.uk/downloads/file/43675/fair-funding-scheme-of-delegation->september-2024

## Proposed way forward

### Two new paragraphs have been added to the Fair Funding Scheme of Delegation for 2025-26 due to the introduction of a new accounting standard (IFRS 16) which changes the treatment of operating and finance leases.

#### Section 3.6.2 (Borrowing by Schools):

* The introduction of IFRS16 for LA’s from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing & will require the Secretary of State for Education’s consent.

#### Section 3.6.3 (Borrowing by Schools)

* The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities. Leases not included in this order will still require written consent and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances.

## Consultation

### The changes set out in section 2 was included within the 2025/26 Fair Funding Consultation and stakeholders were asked to feed back any general comments they had in relation to the scheme or the proposed change.

### No responses were received that disagreed with the proposed change.

## Who does the report affect?

### The issues in this report affect all maintained schools in the city as the scheme sets out the financial relationship between the LA and the schools it maintains.

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| Contributor/approver name | Title | Directorate or organisation | Date doc /sent out/ | Date response received or approved |
| Sarah Kinsell | Finance Manager | Financial Management | 10/01/2025 | 13/01/2025 |

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