

Appendix 2 Key changes to the 2021-22 Scheme

Local Changes

- Paragraph 4.3: Budget plan deadline changed to “1st Friday in May” to “21st May (extended from the usual 1st Friday in May deadline due to COVID)”

Directed Changes

References below are to the section number in Issue 11 (April 2020) of this guidance.

We have made the following updates to reflect current policy positions and changes in legislation:

- Paragraph 1.1: Issue of the Statutory guidance changed – “issue 11” to “issue 12”
- Paragraph 1.2: Minor change – removed “Currently there are no new directed revisions”
- Paragraph 1.2: Changes made to the guidance – added “The most recent **directed revisions** are detailed below”

Following consultation that closed on 30 September 2019, the Secretary of State directs that from 1 April 2020 the text below shall be incorporated into the schemes of all local authorities in England.

Section 4.3: Submission of financial forecasts

From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

Local authorities should consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance, they could be used as evidence to support the local authority’s assessment of schools financial value standards or used in support of the authority’s balance control mechanism.

Local authorities must inform schools of the purposes for which they intend to use these 3-year budget forecasts: such a forecast may be used in conjunction with an authority’s balance control mechanism.

- Paragraph 1.2: Changes made to the guidance – added “Following consultation that closed on 30 September 2019, the Secretary of State directs that the text below shall be incorporated into the schemes of all local authorities in England, however due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year.”

Section 6.5: Planning for deficit budgets

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.

- Paragraph 1.2: Changes made to the guidance “Details of earlier directed revisions are at [Annex D](#), Section 20” is to now read “For details of earlier directed revisions please see [Annex D](#), section 20.”
- Paragraph 4.3: Changes made to the guidance - deleted “The local authority may require schools to submit a financial forecast covering each year of a multi-year period.”
- Paragraph 4.3: Changes made to the guidance - added “From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.”
- Paragraph 4.3: Changes made to the guidance - deleted “However, the requirement to submit a financial forecast should not place undue burdens on schools and should be proportionate to need.”
- Paragraph 4.3: Changes made to the guidance - deleted “In requesting such forecasts local authorities should state the purposes for which they intend to use this forecast: such a forecast may be used in conjunction with a local authority’s balance control mechanism.”
- Paragraph 6.5: Changes to the guidance - added “Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.”
- Paragraph 6.5: Changes to the guidance – deleted “The scheme may preclude any planning for deficits, or it may allow schools to plan for deficits only in certain approved circumstances.”