Report for: Cabinet – 10 February 2026

Item Number: 19

Title: Policy Update on Schools in Financial Difficulty

Report authorised by: Ann Graham, Director of Children's Services

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Ward(s) affected: All

Report for Key/ Non-Key Decision: Key

1. Describe the issue under consideration.

1.1. The Scheme of Financial Regulations and Standing Orders for Schools outlines the financial relationship between the Council and maintained schools within the Borough. The Council is required to maintain an up-to-date and formally agreed Scheme for Financing Schools. The introduction of the spending limit control is necessary to strengthen financial oversight and ensure that schools in financial difficulty do not commit to significant expenditure without prior authorisation.

1.2. Further to the approval of the full Scheme for Financing Schools in December 2024, we now need to incorporate an additional control relating to spending limits for schools in financial difficulty. Specifically, any school in financial difficulty proposing expenditure above £25,000 will be required to seek Council approval before making any final commitment. This requirement will apply to all spending categories, including staffing structure changes, procurements, and any other expenditure exceeding £25,000.

2. Cabinet Member Introduction

2.1. In an environment where financial pressures are increasing across the public sector, it is essential that the controls governing how schools operate and use their delegated budgets are kept fully up to date.

2.2. The attached policy document for Schools in Financial Difficulty refreshes and updates the previous version published by the Council in September 2019. It reflects current Department for Education (DfE) guidance, as well as changes in the operational environment both within the Council and across schools.

2.3. Once approved by Cabinet, the document will be published on the Council's website, and a copy will be issued to the Head Teacher and Chair of Governors of each school.

3. Recommendations

3.1. Cabinet is asked to:

- **Approve** the revised Scheme of Financial Regulations and Standing Orders for Schools.
- **Approve** the introduction of the £25,000 spending limit control for schools in financial difficulty or schools in Deficit.

4. Reasons for decision

4.1. The Schools in Financial Difficulty policy has not been updated for a considerable period of time. The attached document revises and updates the regulations and standing orders in line with current Department for Education (DfE) guidance. The updated policy will support schools and the Local Authority to work collaboratively to address and reduce structural deficits.

4.2. The role of the Scheme is to set out the financial relationship between the Local Authority and the maintained schools it funds. It describes the requirements relating to financial management and associated processes, and it is binding on both the Local Authority and the schools. The Scheme ensures clarity around responsibilities, decision making, and the standards expected in the management of public funds.

5. Alternative options considered

5.1. No other options considered as preparation and publication of the Scheme for Financing Schools is a statutory requirement with which local authorities must comply.

6. Background information

6.1 The regulations and standing orders set out the controls that schools are expected to maintain, the procedures that should be in place, and the responsibilities of school officers in managing their delegated budgets. These form a core part of the local financial governance framework and provide clarity on expectations for sound financial management.

6.2 The regulations and standing orders were shared with schools and formally considered by the Schools Forum in July 2024, where they were endorsed. The wider Scheme for Financing Schools was subsequently approved by Cabinet in

December 2024. As a result of these approvals, the Council is now required to introduce a specific policy governing how schools in financial difficulty or in deficit must operate.

6.3 Given the financial risks arising from falling school rolls and wider budget pressures, revising and updating the regulations and standing orders is critical to strengthening financial controls and ensuring that both the Council and schools are working within a consistent and robust framework.

6.4 The financial regulations and standing orders will be reviewed and updated annually, with updates shared with Schools Forum for approval. In the event that major changes occur to national regulations or statutory requirements affecting schools, a revised set of financial regulations and standing orders will be brought back to Cabinet for approval.

7. Contribution to strategic outcomes

7.1. Theme 3: Children and young people

- Outcome 2 Happy Childhoods -All children across the borough will be happy and healthy as they grow up, feeling safe and secure in their family networks and communities.
- Outcome 3 Successful Futures - Every young person, whatever their background, has a pathway to success for the future

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Finance

There are no direct financial implications arising from this report.

8.2. Strategic Procurement

Strategic Procurement note the contents of this report and confirm there are no procurement related matters preventing Cabinet approving the recommendations stated in paragraph 3 above.

8.3. Director of Legal and Governance (Monitoring Officer)

Section 48 School Standards and Framework Act 1998 (the Act) requires each Local Authority to maintain a scheme dealing with matters concerning the financing of schools maintained by it as prescribed in the statutory framework consisting of the Act and statutory Regulations and Guidance issued by the Secretary of State.

Approval of the Scheme is an executive function and as such falls within the remit of Cabinet.

Revisions to the scheme is subject to approval of the Schools Forum subject to the consultation of the governing body and head teachers of every school maintained by the Authority.

In accordance with the statutory process for approval the proposed revised Scheme was presented to and approved by the Schools Forum in July 2024.

The Authority is required to publish the revised scheme on a website that is accessible to the public by the date that the revisions are due to come into force together with a statement that the revised scheme comes into force on that date.

8.4. Equalities comments

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

It is not anticipated that any groups with protected characteristics will be impacted by this report specifically as a result of these characteristics

9. Use of Appendices

Appendix 1: Schools in Financial Difficulty – Finance Mannal
Appendix 2: Financial Regulations and Standing Orders for Schools

Background papers

None