

Schools in Financial Difficulty

Our aim in Milton Keynes is to consistently improve outcomes in terms of attainment and progress for children and young people. In order to do this schools need to manage their finances to promote quality first delivery in line with the schools' own planning within their strategic development plan, the priorities for the Children and Young Peoples plan and policies such as the school improvement framework and the inclusion strategy.

There are clear links between the efficient use of finance and improved outcomes for children and young people. To assist schools in this we offer an induction session on finance and more in depth training is available through the Schools Finance Support Team.

As part of their role, school improvement partners will support and challenge Head teachers and the wider leadership team, including governing bodies on the delivery of their improvement plans. A key element of this will be the use of finance to support improvement.

Milton Keynes Council will work closely with schools to ensure that they do not find themselves in financial difficulty and to support them to avoid a deficit balance. Milton Keynes Council will:

- Carry out an audit of those schools identified to ascertain the nature and extent of the financial difficulty
- Require schools to put in place a time limited action plan to address underlying problems and to regularly monitor the progress of those actions
- Monitor the progress of schools against their action plan

In conducting the audit of a school identified as potentially being in financial difficulty, the local authority will be seeking to understand the causes of the deficit (or potential deficit), the actions taken by the school to mitigate the situation and rectify the position. The local authority will also assess the scale of the underlying problem. In exceptional circumstances the school can apply for support from the contingency. In order to be considered for support from contingency the school will be required to assist the local authority in carrying out this task.

Payments from contingency are not intended to support, promote or reward weak, poor or inappropriate school financial management. Payments are intended to support particular and unique school circumstances, which could not reasonably have been foreseen or avoided, and where no other financial support is available.

The following criteria must be met before a payment will be considered by the Schools Forum:

1. The school is deemed to be in financial difficulties if one or more of the following applies:

- i. The school had a deficit at the previous 31st March
 - ii. The school has submitted a deficit budget
 - iii. During the year the school is predicting that it will be in deficit by the year end
 - iv. The school must show that it has an action plan in place, which has been approved by the governing body, and considered by governors each half term to review progress and direct corrective action when appropriate
2. In cases where the school has exhausted all other opportunities the school may write to the Local Authority to request additional funding for a specific purpose or to fund a specific situation that has arisen such as:
- i. An Ofsted category school, or one facing challenging circumstances or high vulnerability that will need to spend above the normal expenditure pattern to address these issues
 - ii. As a result of former poor leadership and management, the quality and level of provision of education for existing and new pupils is being adversely affected
 - iii. Where past issues are preventing a school moving forward
 - iv. A school that is incurring costs above those previously associated with the school where it is supporting the local authority's inclusion policy by preventing pupils with a Statement of Special Educational Needs from being placed outside of the Authority
 - v. Costs resulting directly from emergencies or exceptional circumstances that are not covered by insurance. Payment will be contingent upon the school having made reasonable provision for insurance.

Note, payments from this contingency are one off and should not be used to support ongoing budget issues. Applications for payments from this budget will be considered by the Schools Forum as they arise during the year. Successful applicants will be notified of the amount and timing of the payment as well as any conditions that will be imposed on the payment. Unsuccessful applicants will be informed of the reasons for rejection of their application. There is no right of appeal; the decision of the Schools Forum is final.

The action plan should include as a minimum:

- a) Statement of the deficit being addressed
- b) A short explanation of the underlying causes of the deficit
- c) A realistic projection of pupil numbers through the recovery period
- d) A realistic projection of the main sources of funding through the recovery period
- e) A clear and concise list of actions to be taken to address the deficit and the underlying causes

- f) A named person who is responsible for leading on each action and the timescale for the recovery plan
- g) Taking into account the projected funding and the action plan, an expenditure plan set out in CFR format
- h) If the action plan is to span more than one financial year a forecast of the revenue balances held by the school at the end of each financial year until the recovery is complete
- i) Measurable milestones along the recovery route, with a quantification of their financial impact.

This document will be reviewed in the light of the new academies bill in recognition of academies and free schools.