



Schools Forum Date: 18 September 2014 Time: 8.30 am Venue: Shrewsbury Training and Development Centre, Monkmoor, Shrewsbury	<u>Item</u>	<u>Paper</u> E
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REVIEW OF DEFICIT BALANCES PROTOCOL

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Summary

At their meeting on 20 June 2013, Schools Forum considered and supported a revised protocol for the planning and management of a deficit school budget. This was based on a review of the previous protocol undertaken by a Task & Finish Group drawn from the membership of Schools Forum.

An issue that is not adequately covered in the revised protocol relates to the management of deficit balances at the point a school becomes a sponsored academy, with Government guidelines requiring the deficit to remain with the local authority.

It is therefore proposed that the Task & Finish Group on Deficit School Balances is re-established and tasked with reviewing the protocol to address the planning and management of deficit balances at the point of conversion to sponsored academy.

Recommendation

That Schools Forum re-establish the Task & Finish Group on Deficit School Balances to review the existing protocol to specifically address the issue of deficit balances for schools becoming sponsored academies.

REPORT

1. In December 2012 Schools Forum considered a paper that showed schools deficit balances increasing in size and number. They requested that a review be undertaken and set up a Task & Finish Group to undertake the work. The group reported back to Forum on 20 June 2013 and the revised protocol they drew up was considered and adopted.

2. An issue has emerged subsequent to this decision that requires a further update to the protocol. It relates to schools which are being sponsored to become academies. Government regulations on sponsored academies with a deficit on conversion stipulate that the deficit remains with the local authority. Recent conversions to sponsor academy have seen the local authority having to pick up such deficits.
3. The local authority's approach in these situations has been to minimise the financial impact to schools in the local authority by challenging rigorously the level of expenditure at the school prior to conversion and negotiating with the sponsoring Academy Trust an agreed split of the remaining deficit balance. With the possibility in the future other schools will be under consideration as potential sponsored academies, there is a need for clear and robust processes to ensure that the wider financial interests of schools remaining in the authority are protected and that any deficits at the point of conversion are kept to the minimum possible level. These processes would come into effect when a school is judged to be at risk as well as at the point of conversion to sponsored academy.
4. Schools Forum are requested to agree to the re-establishment of the Task & Finish Group on Schools in Deficit to update the existing protocol to specifically address the issue of deficit balances for schools becoming sponsored academies. It is anticipated that the group may only require one meeting – at most two – and that a report will be brought back to Forum on 27 November 2014.