

Deficit Protocol Task and Finish Group

Notes of key points raised at the meeting held on 6 November 2014 at Shrewsbury Training and Development Centre

In attendance

Mark Rogers, Peter Neil, Sandra Holloway, Phil Wilson, Gwyneth Evans, Rob Carlyle

1. Apologies were received from John Hitchings, Phil Poulton and Peter Ingham.
2. Introductions and welcomes were provided.
3. The current protocol for schools planning and managing a deficit budget was circulated to the group.

Gwyneth Evans introduced the paper and explained the issues relating to sponsored academy conversions.

There was group discussion with the main points listed below:

1. It was noted that it would be difficult to compel a school to buy into the gold finance SLA if a deficit had arisen or was required.
2. The local authority (LA) has set up a procedure to deal with schools not demonstrating financial responsibility when under an academy sponsorship order, which includes:
 - A letter to both the headteacher of the sponsoring school, and the school being sponsored, requiring them to provide monthly monitoring reports showing demonstrating that their budget is in surplus.
 - If a deficit position has arisen, then both headteachers are called in by the LA to explain why their budget has gone into deficit and to explain what action is being taken to ensure a surplus budget is achieved.
 - Withdrawal of delegation will be considered if no action is taken to address the deficit position.
 - SAMIS access is disabled from the first day of becoming a sponsored academy, outstanding invoices forwarded to Phil Wilson, who can access whether the costs are liable to the former maintained school or the academy trust.
3. Maintained schools can de-delegate funding to support schools in financial difficulty.
4. The LA has tightened its procedures around setting a deficit budget in light of the regulations allowing sponsored academies to leave a deficit budget with the LA when converting as sponsored schools.
5. The deficit protocol flowchart will form part on the budget information that is sent to maintained schools in the Spring term.
6. The school finance team is contacted concerning schools' finances.
7. Gwyneth Evans attends governor meetings to discuss specific issues relating to budgets.
8. Any schools that have potential budget problems must notify Gwyneth Evans in February/March, in advance of the new financial year.
9. It was noted that the development of the budget modelling tool, which will be available to all schools, will potentially assist in identifying budget problems earlier.

Action: The group agreed that schools must notify the LA of any potential budget problems by the third week in March and that this will be made clear in the flowchart appended to the protocol.

4. There are a handful of schools requiring special measures who potentially may become a sponsored academy.

At a previous West Midlands Funding Officers Group it was noted that other LAs were dealing with sponsored academy deficits in the similar way to Shropshire. The measures that are being sought are to protect both the LA and maintained schools.

A copy of the type of letter sent out by the LA to schools in special measures was distributed and discussed. The letter requires the school to demonstrate financial responsibility in maintaining a surplus prior to conversion.

The group were asked for comments and whether the tone of the letter was correct.

Each of the current sponsored academy converters have received a tailored letter based on their particular circumstances

Action: The group agreed that the tone of the letter was pitched at the appropriate level

5. There was general discussion on schools setting a deficit budget and how doing this can be a useful budget tool if managed correctly. Pupil mobility in small school can cause serious short-term financial problems and require a temporary deficit strategy.

Action: The revised protocol and appendices will be circulated electronically to the group members for comment ahead of a report going to Schools Forum on 27 November 2014.

6. No meeting date was set as this will depend on whether Schools Forum require the Task & Finish Group to undertake further work on the protocol.

7. The meeting closed at 3:15pm