

# High Risk Maintained Schools

Identification, Supporting and Reporting  
Process



**This document sets out Milton Keynes Council's (MKC) approach to identifying, supporting and reporting requirements of those schools that have been deemed as high risk in terms of their financial position.**

## **1. Background**

- 1.1. The LA has a duty to ensure that all maintained schools remain in good financial health – this is defined under the education act and also outlined in the scheme for financing schools, which sets out the financial relationship between the LA and the schools which it maintains.
- 1.2. In order to ensure that schools remain in good financial health, we (the finance team) request information from schools on their financial position and require this to be submitted on a quarterly basis. We analyse this information together with the annual budget and from time to time, in order to ensure that schools are managing their finances well, we may require some additional information in order to give us assurance.
- 1.3. The following guidance is intended to give schools information on how we identify schools where we require additional assurance, how we can offer support, what information is expected from schools and what happens if schools do not engage with the process.
- 1.4. This guidance does not replace or supersede any other policies; it is designed to identify at an early stage any schools that will potentially have current or longer term difficulty in balancing their budget.

## **2. Identification**

- 2.1. The sources of information we use is the annual budget plan, in-year monitoring submissions, revised budget plans and the DfE schools financial management tool.
- 2.2. If you have an in-year deficit, you will not automatically be identified as high risk if the reason for the in-year position is as a result of one off issues or the school already has a plan to recover this in future years. It is therefore important that schools with in-year deficits provide additional commentary as part of the budget plan submission to avoid the need for clarification later on.
- 2.3. The following are situations where we may identify a school as high financial risk:
  - Schools with a licensed deficit (see scheme for financing schools for additional guidance)

- An in-year deficit with no clear plan for reducing expenditure or increasing income in future years. The size of the in-year deficit relative to the size of the school budget will be considered
- Schools undergoing significant organisational change
- Schools with significant reductions in pupil numbers
- Schools who have had concerns raised through an internal audit review
- Non-compliance with reporting deadlines
- Concerns raised from school improvement colleagues

### **3. Additional Reporting**

- 3.1. If you are identified as a school from which we require additional information, we will write to you outlining the reasons for that. This will be sent to the head teacher, chair of governors and business manager and we will then arrange a visit within ten working days to discuss this in more detail. The chair of governors is not required to attend the initial visit but is welcome to do so.
- 3.2. During this initial meeting an action plan (with agreed timescales) will be discussed and agreed and will be followed up in writing within ten working days of the meeting. At this meeting we will also discuss any additional reporting requirements and the plan for follow up meetings. A copy of this plan will be sent to the School, Head of Finance and School Improvement Partner.
- 3.3. If you are identified as high risk, you must submit all of the information you normally submit quarterly on a monthly basis but in addition to this you may be asked to supply other information such as three year budget plan, cash flow forecast etc.
- 3.4. Future meetings will then review progress against the action plan, agree new actions and feedback on any information previously requested.
- 3.5. This will continue until such a point where the school is no longer deemed high risk, at which point they will return to the normal monitoring timescales. We will also write to you to confirm this. It is our aim to identify schools, seek assurance and remove them from the high risk list as quickly as possible.

### **4. Non Compliance**

- 4.1. This guidance clearly sets out the responsibilities of schools to engage with the LA if there are concerns about the financial situation in the school. If a school does not engage with this process (including submitting information within agreed timescales or deemed not to

be implementing changes to address the financial position within a timely manner) they will be referred to the Head of Finance for follow up.

- 4.2. As outlined in the scheme for financing schools, the LA has a responsibility to ensure effective financial management in schools and failure to engage could result in additional steps being taken which could include escalation to the Director for Children's Services and Section 151 Officer or the issuing of a notice of concern.

