

Deficit Schools

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Warning signs

- Budget Plans
- Quarterly Reports, Monthly cost centre reports, Year End
- Overspending
- Funding targeted towards deprivation
- Mistakes in budgeting
- Call from the bursar
- Going overdrawn, items being returned by the bank
- Engagement with Education Improvement, Schools HR etc



Causes

- Expenditure exceeding income
- Drop in pupil numbers - not matched with reduction in staff
- Pupil numbers less than 23 in a class
- Unexpected costs
- Staff pay rises - assumptions re increases and any associated DfE funding
- Poor budgeting
- Redundancy costs



Scheme for Financing Schools

- Governing Body must operate within Financial Regulations
- Section 3.6 ‘Schools cannot borrow money...unless they have written permission of the Secretary of State’
- Rules and regulations
- Licensed deficits
- Cash Advance Reprofileing



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Cashflow forecast

- Known income via Cash Advance
- Expected School generated income
- Payroll costs
- VAT
- Direct debits
- Urgent invoices, commitments
- Staffing changes



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Cash Advance Reschedule

- More useful where balances are low rather than deficit schools
- No change in budget delegated to school
- Front loaded for initial month(s)
- Less funding at end of year
- Easy to arrange



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Revised budget

- Staffing - what changes can be made
- Challenge spending across the board
- Best value - look at possible savings with alternative providers
- Collaboration with other schools
- SLT structure
- Income generation



Cash Advance Reprofile

- Section 3.3.1 of Scheme refers
- What is it?
- Application
- Term
- Interest
- Revised budget confirming ability to make repayment
- Monthly monitoring



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Cash Advance Reprofile

- Liability on Income & Expenditure report
- Reported on Cash Advance statement
- Year End - Income in Advance accrual
- Cost Centre Report
- Repayment



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Summary

- Finances need to be monitored closely
- Early action to be taken - head in the sand is not an option
- Engage with partners - build plan of action
- Revise budget
- Cashflow - schools finance to assist with plans



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Any questions?



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