Schools in Deficit – Interventions process

Service area – Finance and Resources and Education services

12 January 2024



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# Purpose

## Purpose

The purpose of this procedure is to set out the interventions approach in a clear and transparent manner that Liverpool City Council will take to address the financial deficits of schools.

This procedure is intended to help schools understand the interventions that will be adopted from January 2024 in conjunction with the schools in deficit recovery procedures.

## Background

The finance team has developed deficit recovery procedures, agreed by Liverpool School Forum, which clearly sets out the process for schools going into deficit or have already accumulated a deficit. Any budget deficit at the time of conversion from a maintained school to a sponsored academy remains the responsibility of the local authority and will transfer to the Council and is therefore funded from the general fund, which has posed a financial risk to the Council.

It is essential for the Council to fulfil its responsibility of ensuring that its role of monitoring and intervention under the Liverpool Scheme of Financing Schools (the Scheme) are appropriately discharged. The Council has a responsibility to support maintained schools in complying with finance regulations and the improvement in the financial management and performance of Liverpool schools.

The Council is proposing the following plan of intervention in these areas

1. Continuous decline in pupil numbers, with no sign of increasing and making the school financially unsustainable;
2. Schools have been unable to develop a deficit recovery plan within the set timescale for implementation; (the beginning of the academic year – September)
3. Lack of engagement from the governing body and headteacher with LA finance and Education services

The deficit recovery procedures has already stated the stage of intervention with this procedure outlining a clear approach of intervention and process of withdrawal of delegation or interim arrangements.

This procedure has outline interim arrangements for those schools that remain in deficit and considered high risk as these may require more significant intervention by the Council to safeguard its financial position and that of the school.

# Process of Interventions



# Interim arrangements

These arrangements have been introduced in the short term for those schools that remain in deficit and considered high risk as these may require more significant intervention by the Council to safeguard its financial position and that of the school. These have been highlighted below;

