



**Maintained Schools:  
Monitoring & Intervention  
Framework**

May 2026

## **Introduction**

This document sets out the framework and procedures of the Council with respect to monitoring and intervention of maintained schools' finances. The framework will be reviewed annually and presented to Children's Services Directorate Leadership Team for approval. The Strategic Finance Lead - Children's Services is responsible for ensuring that the framework is implemented.

## **Background**

Lincolnshire's Scheme for Financing Schools governs the financial relationship between the Council and schools. The Scheme states that schools are not permitted to overspend without obtaining the Council's prior approval from either the Strategic Finance Lead - Children's Services or the Strategic Finance Manager - Schools Finance Team. Where schools do overspend, the law prohibits the writing off of such sums.

It is through the Monitoring and Intervention framework that the Council's responsibilities under the Scheme are discharged.

## **The Council's approach to monitoring and intervention for finance**

The Council has a pro-active approach to monitoring and intervention of maintained schools budgets. The aim is to identify schools with financial challenges before they overspend to enable appropriate action to be taken. History has shown that the vast majority of schools with financial challenges can be identified through this process, and the Council's finance support meetings. Concerns can also be highlighted by schools themselves, the School Improvement Service or Internal Audit.

Each year, the Schools Finance Team undertake a high-level review of all maintained schools Medium Term Finance Plans (MTFP) in the summer term following their submission by 31 May. All schools MTFP financial positions will be reviewed in order to determine if a school has triggered the Monitoring & Intervention framework or a Financial Health / Resilience warning. For those schools in a cumulative deficit or have set a deficit budget in the current financial year, the high-level information will be shared with the Chair of Governors.

A school that is identified as triggering the Monitoring and Intervention framework will receive a letter from the team. This letter is sent to the Headteacher and Chair of Governor of the school, and the responsible Locality Lead within the Council's School Improvement Service.

Maintained schools will be identified through the Monitoring and Intervention framework where any of the below situations occur:

- They have a cumulative overspend on Budget Share at the end of the last financial year, i.e. all surplus balances have been fully utilised and the school now has a deficit.

- They have set a deficit budget for the current financial year including brought forward balances.

Maintained schools will be issued a financial health / resilience warning where any of the below situations occur:

- A deficit budget has been set for following financial year.
- They have a significant reduction in carry forward from the previous financial year to the current financial year (excluding any excess carry forward) or future years carry forward projections – this is referred to as an in-year deficit. A significant reduction shall be determined as a Nursery, Primary or Special School whose carry forward has reduced by £50,000 or a Secondary School whose carry forward has reduced by £80,000.
- Information indicates that there will be a significant reduction in the number on roll (NoR) in future financial years. A significant reduction shall be determined as:
  - Primary School <100 pupils whose NoR reduce by 5 pupils.
  - Primary School 101<200 pupils whose NoR reduce by 8 pupils or 5% whichever is greater.
  - Primary School >201 pupils whose NoR reduce by 15 pupils or 7% whichever is greater.
  - Secondary School whose NoR reduce by 15 pupils or 3% whichever is greater.
  - Nursery schools where following discussions with the Council's Early Years Team concerns have been raised regarding participation occupancy levels compared to school capacity relating to the prior financial year.
  - Special schools where following discussions with the Council's Special Education Needs team, concerns have been raised regarding the occupancy of agreed place numbers.

The following situations could also result in a school either triggering the Monitoring & Intervention framework or a Financial Health / Resilience warning:

- Serious concerns have been raised by Internal Audit or the Schools Finance Team.
- If a school has not submitted their Schools Financial Value Standard (SFVS) in accordance with the timescales set by the Council.
- Suspected fraud including misappropriate use of school funds.
- A school alert form raised by the Council.
- Non-compliance with the Council's School Carry Forward Policy.
- They have carried forward significant underspends at the end of the previous financial year. This will be dealt with in conjunction with the Council's School Carry Forward Policy.

### **Schools with overspends (deficits)**

For those maintained schools that have a cumulative overspend on their Budget Share, or have set a deficit budget in the current financial year, the MTFP that is submitted at the end

of May will need to demonstrate its ability to repay the overspend. The steps will be clearly set out in a deficit recovery plan, that will be monitored throughout the financial year. The Council expect the overspend to be recovered and repaid in a reasonable time period whilst maintaining schools standards – this will be between one to four years depending on the size of the overspend following agreement with the Council.

For all maintained schools whose Budget Share has overspent including brought forward balances, the MTFP that is submitted at the end of May will receive a number of additional verification checks. Additional checks will include reviewing benchmarking data and testing for reasonableness of all school costs to ensure value for money is being evidenced and liaising with the Children’s Education Team regarding future pupil number projections. Those schools will be required to submit their MTFP funding document in order to assess future funding levels and the steps for reducing the overspend through a deficit recovery plan. Following this review, schools may be required to resubmit a revised MTFP.

Any school who has incurred a cumulative overspend at the end of the last financial year or who is projecting a deficit in the current financial year, will be strongly encouraged to procure the Silver or Gold level of financial support from the Council’s Schools Finance Team. These finance support meetings schools will strengthen a schools financial governance and improve the strength of financial planning and reporting, assisting schools to make informed decisions that ensure the best use of public funds and to support the school in addressing its overspend and financial resilience.

Once officers are satisfied that the financial plan is complete, accurate, realistic and deliverable, the Council will provide feedback confirming this position, including the timescale for recovering the overspend. The changes may necessitate the school to attend the Council’s staffing reduction panel, for final review, which includes key disciplines, such as Finance, HR, School Improvement and Education services in attendance. The financial position will be reviewed on a termly basis based on the deficit recovery plan actions of the school - schools may be required to attend meetings with a member of the Council's Schools Finance Team to review progress against the plan and the school's financial position.

If a school has overspent its Budget Share but has a surplus of grant funding (overall financial position is a surplus), the school will be contacted to discuss best practice in terms of budget monitoring.

### **Monitoring and Intervention Framework Review Meeting**

The Strategic Finance Manager and the Finance Managers of the Schools Finance Team will meet on a monthly basis to monitor those schools who have been identified as triggering the Monitoring and Intervention framework, actions will be agreed and shared with the Responsible Finance Officer within Schools Finance Team assigned to the school to take forward with the school. On a termly basis, the Strategic Finance Lead will receive and

review the financial landscape of schools who have triggered Monitoring and Intervention and Financial Health / Resilience warnings.

For each school that triggers the Monitoring and Intervention framework, governance and support will be provided, this will typically involve:

- Responsible Finance Officer reviewing and monitoring the schools Deficit Recovery Plan to assess if the school are demonstrating they have taken the necessary action to repay the overspend as per the approved Deficit Recovery Plan.
- An updated MTFP submitted by the school to the Schools Finance Team in the autumn and spring term to monitor progress against the agreed Deficit Recovery Plan.
- Responsible Finance Officer contacting the school in September to discuss if the school have any concerns regarding the MTFP since the budget was set earlier in the year, including any large unanticipated costs or savings which will impact the financial position of the school and the Deficit Recovery Plan.
- Schools submitting forecasts to the Schools Finance Team in the autumn and spring terms to monitor progress against the Deficit Recovery Plan.
- Responsible Finance Officer providing feedback including independent constructive challenge to the school based on information provided. This is to support a schools financial planning – circumstances may rise whereby escalation to the Chair of Governors is required.
- Request to review Governor minutes where the financial position of the school is discussed.

### **Escalation procedures**

Maintained schools may be asked to meet with the Council's Strategic Finance Lead (Children's Services) or Strategic Finance Manager (Schools Finance Team) to review the schools financial position at least six-monthly or more frequently, if appropriate, in the following circumstances:

- A primary school's total overspend (including grant funding) at the end of the last financial year exceeded £50,000.
- A secondary or special school's total overspend (including grant funding) at the end of the last financial year exceeded £100,000.
- A nursery school's total overspend (including grant funding) at the end of the last financial year exceeded £30,000.
- A school has failed to reduce the overspend by at least 80% of the agreed target in the previous financial year.

Maintained schools may be asked to meet with the Council's Strategic Finance Manager (Schools Finance Team) or Finance Team Manager (Schools Finance Team) to review the school's financial position at least six-monthly or more frequently, if appropriate, in the following circumstances:

- A primary school's overspend (including grant funding) at the end of the last financial year exceeded £20,000 but was less than £50,000.

The Headteacher and Chair of Governors will be invited to attend these meetings, although other governors or school representatives may also attend if the school wishes.

In accordance with the Scheme for Financing Schools, the Council will consider annually whether schools that have overspent should be permitted to operate the prime account, if applicable. Schools must satisfy the Council that sound financial management and accounting systems are in place before they regain the right to hold prime accounts. This is likely to be observed over a minimum of two years. An internal audit will also be required by the Council's Internal Audit Team to ensure a sound level of assurance is achieved before the school can proceed with prime account status.

The Council will consider withdrawing delegation where schools continue to give significant cause for concern regarding their financial management. Section 66 of the Education and Inspections Act 2006 enables a Local Authority to suspend the governing body's right to a delegated budget by giving the governing body of the maintained school notice in writing. This applies where a maintained school is eligible for intervention and the school has a delegated budget. Schools will be expected to meet the costs associated with withdrawal of delegation. The Council will comply with DfE guidance in such circumstances.

Throughout each year, the Council will provide a training programme aimed at raising the standards of financial management in schools.

### **Budget Setting – Best Practice**

Information on budget setting is available on Perspective Lite in the following areas:

- LA Documents > Schools Finance Team > Budget setting

Information is also available within Section H of the Schools Finance Handbook on Perspective Lite under the in the following area:

- LA Documents > Schools Finance Team > Finance Handbook > Schools Finance Handbook (new)

A MTFP enables a school to adopt a multi-year financial plan of their income and expenditure, which will identify any potential financial challenges in future years to enable them to take preventative action now to avoid overspending. It is advisable to produce several MTFP's based on different options (e.g. differing pupil number projections) so that a number of scenarios can be prepared for.

### **Budget Monitoring - Best Practice**

Information on budget setting is available on Perspective Lite in the following areas:

- LA Documents > Schools Finance Team > Budget setting

Information is also available within Section I of the Schools Finance Handbook on Perspective Lite under the in the following area:

- LA Documents > Schools Finance Team > Finance Handbook > Schools Finance Handbook (new)

It is essential that schools undertake regular budget monitoring to support its financial health by comparing income and expenditure against budget and how this could impact future years. It is best practice for schools to reconcile their payroll and review income and expenditure on a monthly basis.

### **Information requirements of schools**

If schools are requested to provide an up-to-date MTFP or forecast then it is essential that these documents are provided to the level of detail set out in the Schools Finance Handbook. They must include detailed costs for individual members of staff.

Secondary schools are likely to be asked for much more detailed information including management structures and costs, class sizes (including sixth forms), teachers' non-contact time, etc.

Schools may be asked to supply copies of previous financial reports to their Governing Body to enable the Council to assess and advise on their suitability.

### **Notice of concern**

The Council can issue a notice of concern to schools. Details are set out in the Scheme for Financing Schools and are attached at Appendix 1 of this framework.

### **Communication**

This framework will be accessible to schools via LCC Perspective Lite and Governor Services. It will also be copied to officers involved in the Council's Monitoring and Intervention framework.

**Notice of Concern**

The Council may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Executive Director of Resources or the Executive Director of Children's Services, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the Council or the school.

Such a notice will set out the reasons and evidence for it being made and may place upon the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- insisting that the relevant staff undertake appropriate training to address any identified weakness in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee (if the school have this committee) of the Governing Body;
- placing more stringent restrictions or conditions on the day-to-day financial management of a school than the Scheme requires for all schools – such as the provision of monthly accounts to the Council;
- insisting on regular financial monitoring meetings via MS Teams attended by Council officers;
- requiring a Governing Body to buy into the Council's financial management systems within an agreed timeframe; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated Budget Share – for example by requiring a school to submit income forecasts and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are, the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the Council may take where the Governing Body does not comply with the notice.