

Schools Forum			
REPORT TITLE	Annual Review of the Scheme of Delegation and Finance Manual		
KEY DECISION	Yes	Item No.	8
CLASS	Part 1	Date	17 March 2016

1. Purpose of the Report

To consider revisions to the scheme of delegation and the debt policy within the finance manual.

2. Recommendation

- The Forum confirm the debtors policy.
- The Forum ask officers to remind schools of the policy.
- The Forum agree to incorporate into the Scheme of Delegation the facility for schools to have a loan from the schools carry forward to finance a budget deficit.
- To adopt the new Council's updated Whistleblowing policy in the Scheme of Delegation

3. Background

Prior to the start of each financial year the Forum undertakes an annual review of the scheme of delegation and finance manual. This is to incorporate any legislative changes required and any changes that the Forum consider desirable to make.

4. Debt Policy

- 4.1 At the Schools Forum meeting on the 4 February 2016 members asked officers to consider a possible approach to debt collection. A short survey of schools was made to see the extent and level of current debt
- 4.2 There were 22 returns, the average level of debt of the schools making the returns was £2,600. If this is replicated it would indicate across all schools the level of debt would be about £225k. This is much higher than when the last survey was undertaken. In monetary value terms the main debts are for after school clubs and school meals. Together they account for 80% of the debt.

- 4.3 Governors are responsible for ensuring that there is proper management of the financial matters of the school including the collection of monies due to the School. The current policy that schools can use if they so wish is shown in Appendix A. This policy was circulated to schools in September 2013. This policy covers the elements of financial control relating to the collection of income from debtors. It describes the procedures and processes for ensuring that the maximum level of income due to the school is received, and where this is not possible, to state the process for agreeing and writing off bad debts.
- 4.4 It is based on the principle that where possible the payment for all goods and services supplied by the school should be collected in advance or 'at the point of sale'.
- 4.5 It relies on schools taking all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures, commensurate with the size and nature of the debt, have been taken to recover it.
- 4.6 The example school's debt recovery policy observes the relevant financial regulations and guidance set out in the 'Scheme for Financing Schools' and any other legal requirements.

5 School Meals Debt Policy

- 5.1 The collection of outstanding debt on school meals is a sensitive issue. It is possible for each school to draw different conclusions as to when the provision of meals should be stopped due to non-payment. Set out below is an approach that could be taken which is based upon good practice. The intention of the policy was not necessarily to say it should be adopted but to help facilitate a discussion amongst members on the contents of the policy and agree a recommended approach that schools can adopt if they so wish.

This policy was written to help schools adopt a consistent approach to debt and its collection. It provides clarity and consistency in managing debt and will also help parents clearly understand what is expected of them. Any flexibility should be in the context of how it works for a school not in the way parents want it to work for them.

- 5.2 There have been many discussions around whether a child should be refused a meal in school if they have not paid. In reality a school meals service is no different than any other business and the meals must be paid for by someone. The expectation is that all meals will be paid for in advance and thus debts will not accrue.
- 5.3 Any debt recovery system that works best is a 'zero tolerance' approach. It may seem a very hard stance in a school where there has been a culture of debt tolerance. Although this will be tough to implement it should become easy to maintain once parents realise

schools can only offer free meals to children whose parents qualify for the FSM entitlement. Every other meal must be paid for.

- 5.4 A 'zero debt policy' sounds harsh but any debt will fall on the school and will take funding away from the education of the children. On the other hand we have the potential for children to go hungry and the implications that may have.

6 Establishing a debt policy

Schools should first discuss this policy with staff and agree its debt policy with governors. Once agreed, schools should make parents aware of this policy. This could be by including it in one or more of the following:

- A letter to parents
- The school's newsletter
- The school brochure
- The school website

This will ensure that all parents get the same message in a consistent way. This should be done at least once each year, more often when it is first introduced.

All parents should be provided with a copy of the policy when their child joins the school.

An example policy and letters to parents are shown in Appendix B. The school should have a very clear policy on Dinner Money Arrears and money collection. It is expected that schools meals will be paid in advance, if a child as a one off is unable to pay through forgetting their dinner money then a meal will still be provided. If this continues for more than 10 days then the meal will be stopped and the child expected to bring sandwiches or be taken home for lunch.

- 6.1 Without a strict "no meal" policy, a debt will arise at some stage. Suggested below are three stages of monitoring, with timescales for action, to ensure that all money is paid on time and is not allowed to accumulate in arrears:

Stage 1 – Fees that have run into one week of arrears

A letter to the parents / carers will be sent by the school, informing them of their outstanding balance, and a deadline for payment.

Stage 2 – Fees that have run into arrears of two weeks

A letter informing parents of their outstanding balance and the school's intention to add a 10% administration charge on the outstanding amount will be sent, with a deadline for payment.

Stage 3 – FINAL STAGE – Fees that have run into arrears of roughly 10 weeks or £100

The debt will be passed to the council to consider collection and enforcement. Schools could ask the council to pursue debts on their behalf at a lower level but there would be a fee involved.

7. School deficit loans

- 7.1 The current scheme of delegation permits schools to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget is provided from the collective surplus of school balances held by the LA on behalf of schools.
- 7.2 Within the current scheme of delegation there is provision for schools to take out a loan funded by the collective balances held by schools. All schools maintained by the LA are eligible to apply for a loan facility that can be for the:
- Purchase or replacement of equipment including computer equipment;
 - Full or part funding of premises projects;
 - Energy and environmental improvements;.
- 7.3 It is proposed to extend the loan facility to cover school deficits
- 7.4 When a school converts to an academy the schools deficit continues. Where a school is to join an Academy trust of an external sponsor and open as a sponsored academy, the deficit remains with the LA, to be funded from its core budget. While the regulations are not clear on the term core budget, it can be charged to the schools contingency. The rationale for this is that on joining an academy trust a school is deemed to have closed and there is an opening of a new school. Any loans are not written off and are still due after the conversion. If a school is a converter academy then the deficits remains with the school.
- 7.5 Converter academies are those that convert (whether as a standalone academy or as part of a multi academy trust) by means of an academy order (AO) made after an application by the governing body of the school. Schools which are eligible for intervention, within the meaning of Part 4 of the Education and Inspections Act 2006, and underperforming schools which the Secretary of State judges are not strong enough to become an academy without a strong sponsor are treated as sponsored academies, even where their route to becoming an academy is through an application for an AO by the governing body. The deficit then has to be written off by the Local Authority.
- 7.6 With the council having faced large scale reductions in its funding and with more reductions to come there would be little option but to charge it to the schools contingency which is allowable under the regulations.

- 7.7 Potentially a school could join an academy chain and leave its deficit for all the other schools to fund
- 7.8 Once a loan is in existence then the deficit would be written off, repayments could be interest free and by equal yearly instalments. Often on a deficit recovery plan large savings are required early on in the recovery period. With the loan system this would be eased with greater reductions in the later years. The current attractiveness of this especially in the secondary sector at the moment is pupil numbers would be rising and help offset the difficulty.
- 7.9 The proposed revised scheme can be found in Appendix C

8 Whistleblowing policy

The Standards Committee of the Council considered revising the whistleblowing policy on the 29 October 2015 (See Appendix Dii).

The report highlights the changes and reasons for such proposed changes to the policy. The reasons relate:

- to the clarification that the policy is to be used as a supplement to other avenues to complaint;
- the revised policy now requires that such initial review is conducted by the Monitoring Officer personally;
- spreading awareness among senior managers;
- provision in relation to schools;
- how anonymous complaints are to be dealt with;
- feedback requirements.

The Council's policy has been adopted by the Schools Forum in the past and included as part of in the Scheme of Delegation The latest version is shown in Appendix Di. It is proposed the latest policy is now included in the scheme.

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