

Schools' Forum			
REPORT TITLE	Finance Support to Schools		
KEY DECISION	No	Item No.	6
WARD	N/A		
CONTRIBUTORS	Director of Financial Services		
CLASS	Part 1	Date	11 th July 2019

1 Purpose of the Report

1.1 The purpose of this report is to provide Schools Forum with an update on the measures being taken to improve the financial support to schools which is appropriate for the challenges that schools are facing in the current difficult financial climate.

2 Recommendations

2.1 The Schools Forum is asked to:

- (a) Note the staff deployment supporting schools, including additional support.
- (b) Acknowledge the limitations including financial constraints, deployment of staff to meet statutory and regulatory work.
- (c) Approve the changes in process to enable more staff time to be deployed in Schools.
- (d) Note the changes implemented since the January 2019 meeting of Schools Forum
- (e) Agree to receive regular updates at each of the Schools' Forum meetings throughout 2019/20.

3 Legal and Policy Context

3.1 The 1988 Education Reform Act removed the financial control of schools from local authorities and gave it to the governing body of the school (and by extension, Headteachers). The local authority has some continuing responsibilities however particularly in relation to community schools, in that it employs school staff and owns the land and buildings. However, it does not 'run' the school on a day to day basis or have the ability to second guess decisions of the Headteacher and governors. Interventions by the local authority are very problematic and have to be considered only

in extreme cases. To illustrate this, while the local authority will give advice on the appointment of a Headteacher, the decision lies with the governing body and if they choose to ignore the advice there is nothing the local authority can do.

- 3.2 Councils provide some services to schools, but the schools are not obliged to take them up and can choose to look elsewhere. This can include diverse activities such as school meals, payroll services and financial services.
- 3.3 Under the School Standards and Framework Act 1998, local authorities are required to draw up a scheme for financing schools (The Scheme). This scheme sets out the financial relationship between the local authority and the maintained schools which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the local authority and on the schools. Any proposed revisions to the scheme are subject to consultation of Schools Forum for approval pursuant to regulation 27 of The Schools and Early Years Finance (England) Regulations 20015. The Scheme for Lewisham is updated annually, in consultation with the Schools Forum.
- 3.4 In line with national requirements which have been in place for many years, the Scheme gives schools freedom to exercise choice over their spending plans. Like other local authorities, Lewisham can only impose regulations which are consistent with the need for accountability and control over expenditure of public funds. The Scheme expects all schools to set a balanced budget and manage within the resources made available to them. This is specifically a duty on the governing body of the school.
- 3.5 The school's governing body is responsible for setting the budget for the school within its resources and are required to continually monitor the spending. The governing body is required to send a budget to the local authority by May 1st each year and budget monitoring returns at the end of September and December each year.

4 Background

- 4.1 Officers within the Council's Financial Services division have been undertaking a review of both staff deployment and process review with a view to determining the most optimum support to schools. Members of the Schools Forum are asked to note that this continues to be an evolving process. This report will focus on the progress to date and offer some recommendations necessary for Schools' Forum to support which will enable visible improvement in the support to schools.
- 4.2 Overall the key focus is to review and streamline process with the aim of deploying as much staff time dedicated to schools visits. In so doing, this is intended to firstly help strengthen the relationship between schools and the local authority finance team and build a platform of reliance and trust.
- 4.3 It should be noted that like all service areas, the local authority finance function has also faced both financial challenges and a significant increase in workload from new pressures and priorities. Within the resources available to the service, it is anticipated that the evolved service will offer schools sufficient finance support to enable schools to move forward with confidence to deliver their outcomes within a supported financial framework.

5 Deployment of Staffing

- 5.1 The table below shows the total staff complement deployed on the schools area. The first observation is that overall, there is an increase of some 2.20 full-time equivalent staff, which results in a direct increase of 2.3 for schools' direct.
- 5.2 At the current time, additional support for the school's finance team (over and above the existing base budget) is being funded from corporate resources to effectively 'pump prime' support to schools. The level of funding of this support is under current review, but there remains a strong commitment and guarantee from the local authority that this level of support for schools will not fall below its current level as long as a justifiable need for that level of finance support to schools remains.

Table 1 – Staff Deployment

	Previously			Currently			Net Movement		
	Statutory and Regulatory	Schools Direct	Total	Statutory and Regulatory	Schools Direct	Total	Statutory and Regulatory	Schools Direct	Total
Group Finance Manager	0.30	0.00	0.30	0.30	0.20	0.50	0.00	0.20	0.20
Principle Accountant	0.50	0.50	1.00	0.10	0.90	1.00	-0.40	0.40	0.00
Principle Accountant	0.60	0.20	0.80	0.60	0.20	0.80	0.00	0.00	0.00
Senior Accountant (NEW)	0.00	0.00	0.00	0.10	0.90	1.00	0.10	0.90	1.00
Accountant (NEW)	0.00	0.00	0.00	0.60	0.40	1.00	0.60	0.40	1.00
Administrator	0.70	0.30	1.00	0.50	0.50	1.00	-0.20	0.20	0.00
Administrator	0.70	0.30	1.00	0.50	0.50	1.00	-0.20	0.20	0.00
Total FTE	2.80	1.30	4.10	2.70	3.60	6.30	-0.10	2.30	2.20

- 5.3 Members should note some examples of statutory and regulatory tasks undertaken by the service include (but not restricted to) the following:

- Setting Schools formula and informing schools of their budgets
- Review of budget plans
- Review of monitoring data
- Closure of accounts process
- Periodic returns for VAT, budget uploads
- Journals and Ledger Maintenance
- DFE returns including SFVS, Section 251, RO /RA
- Audit (internal and external)
- Queries/ general support / guidance
- Updating documents –Scheme for Financing Schools/Schools Manual etc.,
- Allocation of Grants to Schools
- Reconciliation of grants and grant returns to DfE and other bodies

Building Capacity

- 5.4 The proposed reorganisation of the wider finance function has been delayed, but it should be noted that any proposed changes will take effect from the start of the 2020/21 financial year. However, the direction of travel for the finance function remains clear given the council's current financial position, in that there is a

requirement to remain streamlined, but at the same time maintain a stable, flexible, dynamic service and resilient service.

- 5.5 In recent years it has been difficult to attract a good level of quality of finance personnel to work in our finance teams. It remains a top priority to get the right balance of staff to support our dynamic services, but this has to be done in accordance with corporate HR guidelines and in such a way which is benefit to the schools finance team and the schools. Members of the Schools Forum will be aware that there are a number of key skill sets that staff need to work in the area: understanding of the national funding mechanisms, how resources are allocated and a broad understanding of how schools operate. The nature of school funding and the type of support which schools require is not straight forward and experience suggests that anybody coming into a schools finance team will take some time to acquire this knowledge. The approach to develop this mixed skills through use of organic growth remains.

6 Review and Streamlining of processes

- 6.1 Initial review of process has noted that the following changes in timing and process would prove beneficial for both the Schools and Schools Finance Team.
- 6.2 Schools Forum is asked to note the rationale and approve the changes. It is anticipated that as the changes are introduced and once embedded, Schools Finance Team will be able to provide more advisory direct support to schools. For this approach to work, it remains important that both the LA and Schools ensure timelines are met, accuracy of information and where possible, automation of process's. Table 1, shows the key changes proposed with rationale.
- 6.3 Officers are also looking at wider process changes including the possibility of restricting any charges /income beyond 1st March in any year. This should support the closure of accounts process.

Table 2 – Process Review

Current process	Action	New Process	Rationale
September and December Budget Monitor	No longer required	Revised Budget Plan required by 30th November (or nearest Friday before)	Current submissions are not timely to capture the outcomes of pupil census or changes in commissioning intentions
CFR returns to Schools	Revised date,	Date deferred to 31st May (or nearest Friday) -- currently 7th May.	Schools will have additional weeks to complete returns, enabling them to work effectively with SFT prior to submission if they so wish. Expectation is that the additional time will improve the quality and accuracy thus reducing unnecessary intervention by SFT, but instead on focused support from SFT.
Governing Body Approved Budget Plans	Revised date,	Date deferred to mid-June for all schools, those with DRP could submit by 30th June. Currently 1st May	Anticipated that the additional time facility will enable a more discursive engagement with the Governing Body, including final position of prior year close. The deferred deadline will also enable Schools to work effectively with the SFT for guidance and support. The timing could also potentially enable appropriate training to be offered to the schools community.
Schools.Finance@lewisham.gov.uk	Formalise and Strengthen process	Confirmation of receipt of email, with response, follow up response within 5 working days. Dedicated support. Compilation of FAQ	Improve working arrangements for the Schools finance email -including having dedicated staff and formal response rates, including FAQ sheet for commonly asked questions

7 Engagement with Schools

- 7.1 The table below shows the number of schools that have been visited over the period April to June.

Total Schools Visited to Date	Further Planned Visits	Total	Schools Receiving More than 1 Visit
59	17	76	7
77%	22%	99%	9%

- 7.2 Our expectation is that all schools will be visited at least once a year. For those Schools causing concern (in deficit recovery plans or nearing that position) we would like to provide more support.
- 7.3 With regards the one school not yet confirmed, we are awaiting the school to commit to a visit date.
- 7.4 The general feedback we have had from Schools is that our visits have been well received and useful. Each School has a named person who they can contact for specific guidance.
- 7.5 The visits have covered a variety of topics dependent on the schools financial position. Including:
- Discussion on 3 year budget plans
 - Engagement with governors
 - Discussion on proposed changes to timelines
 - Support on deficit recovery plans
- 7.6 Officers have also attended School Business manager meeting and heads meeting. Overall the aim is to create a closer working relationship with Schools.

8 Schools Survey

- 8.1 Officers are currently undertaking a survey with schools to gain an understanding of schools' perception of their financial health. The key being will be as follows: Red – 'concern', Amber – 'just about managing' and Green 'sound financial position at present'.

Further Information

Should you require any additional information regarding the items contained in this report please contact:

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