



## Schools Forum

### **Report title: Changes to Cash Flow Allocations to Schools**

**Date:** 10<sup>th</sup> June 2021

**Key decision:** No.

**Item number:** 9

### **Outline and recommendations**

*Changes to Cash flow allocations to Schools*

## **Timeline of engagement and decision-making**

For information only

### **Summary**

- 1.1 Purpose of this report is to provide Schools Forum with confirmation of the process for cash flow from 2021/22.

### **Background**

- 1.2 Historically, cash allocations to schools have been made in April, with smaller adjustments during the year. This has been based on undertaking an estimate of cash required by schools. The cash allocation has historically been relatively small as most schools used the council's payroll service.
- 1.3 The need for change has arisen as a consequence of the following:
  - More schools requiring large cash values as they use an external payroll provider.
  - This creates an inability for the Council to meet the "cash value" as the Dedicated Schools Grant is paid over the year in 25 instalments. To provide an advance to schools (with the new increased requirement) would result in the council undertaking borrowing.
  - Increase in Fraud and Cyber crime, especially targeting establishments such as schools – it is considered a high risk for schools to hold large balances in bank accounts, potentially resulting in schools becoming targets of Cyber crime.
  - Clarity of process- despite "cash advances" at April, many schools have continued to request adjustments at extremely short notice which increases unplanned demand on the finance service and results in a lack of process and rigour.

### **What is the process**

- 1.4 The revised process will involve the finance service undertaking a review of cash needs and, in agreement with the school, ensuring the cash transfer is undertaken on the 1<sup>st</sup> working day of the month.

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- 1.5 The expectation is that the same amount is allocated to the school each month and forms part of the school's monthly bank reconciliation process.
- 1.6 Schools may request a revision by completing a form and submitting this to schools finance. We would request that any variations are communicated 5 clear working days of the cash transfer dates.
- 1.7 Ultimately, the funds belong to schools and schools may request the funding. The changes are in place to facilitate a more standardised approach, balanced with the council's cash flow and mitigating any risks to the school as a consequence of holding large balances.
- 1.8 The process was discussed at the recent School Business Managers meeting and was positively noted.

### **Financial implications**

- 1.9 There are no direct financial consequences arising from this report.

### **Legal implications**

- 1.10 There are no specific legal implications arising from this report.

### **Equalities implications**

- 1.11 There are no direct equalities impacts arising.

### **Climate change and environmental implications**

- 1.12 Not applicable

### **Crime and disorder implications**

- 1.13 Not applicable

### **Health and wellbeing implications**

- 1.14 Not applicable

### **Report author and contact**

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