



Schools Forum

**Report title: Schools Finance Service
2022/23 & 2023/24 – options for continuation of support.**

Date: 21st October 2021

Key decision: No.

Item number: 5

Outline and recommendations

Schools forum is asked:-

To note that the two year funding agreement concludes at the end of 2021/22.

To note the value added to schools over the last one and half years.

To consider options to continue with a further two year position.

Recommendation is for the agreement to be extended over a further two year period.

Timeline of engagement and decision-making

For the period 2022/23 and 2023/24
To support Schools Finance with a further two year de-delegation support

Summary

- 1 The purpose of this report is to discuss options to continue to finance the support provided to schools by the finance team.

Background

2. Schools forum agreed a two year de-delegation package to strengthen the support given to schools from the finance service. The period covered 2019/20 and 2020/21.
3. Prior to this agreement, extremely limited support was provided to schools to cover their basic statutory role and they had expressed dissatisfaction at the support that was being offered.
4. School leaders requested a more hands-on support service which would enable them to embed strong financial management in their schools.
5. Below is an example of the changes that have been implemented and reflect the new working relationship with schools and schools finance.
 - Every school is offered a termly visit which allows them to receive direct professional advice from the members of the finance team. This includes updates on any new information, support, guidance and challenge - for example the schools budget plans, CFR returns, SFVS etc.
 - Regular and timely advice on changes in local and national policy; examples included here - financial settlement, Covid returns, funding changes, Term Time Only updates etc. The advice is provided by the Strategic Business Partner (CYP), offering “meetings” (including slide packs), giving schools an opportunity for question and answer sessions, with multiple sessions organised, to give schools an opportunity to attend the sessions.
 - Small group briefings – to support critical work-streams, for example small group sessions (tailored to finance systems where possible) are held focusing on closing, budget setting, demonstration of new tools. Alongside the sessions, guidance notes and surgery sessions are also offered.
 - New ways of working and tools have been introduced to support schools. In some cases “tools” have been streamlined to offer easier ways of working e.g budget planner incorporating “metrics management” and SFVS data. Funding tools have been streamlined and made user friendly.
 - Introduction of RAG (red amber green) financial ratings to support schools to understand their financial health and for the finance team to better target resources to support the schools.
 - Formalisation of Deficit Recovery Plans and the introduction of Deficit Prevention Plans.
 - Speedy turn around on queries raised by schools, including from head of service.
 - Clear and detailed updates to schools forum, including training for members.
 - Intervention to support schools link with other departments.
 - Introduction of the traded Platinum Service to complement the above.
6. It is important to note that the new ways of working have ensured all stakeholders are included - i.e. headteachers, governors and school business managers and other school based finance officers. The finance team has received positive feedback and many ‘thank you’ s’
7. Schools generally report that they are now better informed and equipped to deal with the ongoing challenges of the changing landscape.
8. Recent visit from the DfE noted that the support offered to Lewisham Schools was praiseworthy, with the DfE being extremely pleased at the partnership work being undertaken.

9. It would be now fair to say the schools and the schools finance team operate a very strong partnership model that we we are all proud to be part of.
10. The service has delivered on all outcomes including supporting schools during the Covid period including where necessary direct intervention to support the school to continue with business as usual.

Summary of impact

- 11 Schools have submitted their budget plans with the exception of 3 schools. The finance team will be discussing the outcomes of the Budget Plan reviews with the schools during the autumn term. Overall the position appears more positive than last year. 24 schools are now able to demonstrate that they are able to set a three year balanced position; this is an increase of 12. Schools are actively showing strong financial management and leadership. Schools are taking a more long term view of their financial position.
- 12 The finance service has led on workings to support schools in deficits. At least 3 schools previously with large deficits are now in a balanced position and have sustainable financial plans. Recently as an example, finance service has also been working effectively with the DfE (SRMA) to support the 2 nursery schools. The SRMA is undertaking support work for the two Nursery Schools. Feedback from Chelwood Nursery has been very positive. It is anticipated that Chelwood will be able to undertake appropriate actions to develop a sustainable budget position.

Table 4 – RAG ratings for schools

	Nov-20	Jun-21	Movement
Green	12	24	12
Amber	23	21	-2
Red	41	31	-10
	76	76	0

Next Steps and Options

13. As set out above, the work undertaken to date has delivered significant change in the financial stewardship for Lewisham schools. Our schools are more confident, and beginning to display strong financial leadership. This includes schools that were previously in deficit, who have undertaken action (supported by finance), and are now in a balanced position.
14. Lewisham is at the forefront of supporting schools, with DfE acknowledging the partnership working as good practice. Other LA's are also considering similar models of support.
15. The schools finance service would suggest that the transformation and change process is not complete and would suggest that, if the model continues the focus would include:
 - Continuing the level and pace of work and embedding systems and structures to ensure consistent high practice and continue the positive trajectory of schools moving to a green rating.

- In line with the development of financial RAG we are looking to incorporate the ICFP (Integrated Curriculum and Financial Planning) principles, and the recently announced VMFI (View My Financial Insights) tool recently released by the DfE/ESFA.
 - Local Benchmarking data clubs
16. There continues to be significant on-going challenges for schools both locally and nationally.
- Locally the impact of Term Time Only, falling rolls, support and training of new staff/systems etc. need to be considered.
 - At a national level, (see report elsewhere on this agenda), the DfE continues to progress towards a Hard National Funding Formula. This would mean that schools need to be given key information in a timely and accurate manner, including the move towards academic year funding within a financial year.
17. Funding secured during 2019/20 and 2020/21, enabled finance to secure skilled staff to deliver the necessary support to schools and build relationships with school leaders.
18. To continue with the employment of two staff to support schools the total cost including employer oncosts is £140k. To ensure stability and continuity, we are proposing to continue with the offer for a further 2 years. It should be noted that in schools finance, recruitment and retention of personnel with the level of expertise required - proficient knowledge of systems, national and local policy, qualified accountancy - is a challenge. It is felt that a two year contract position would incentivise existing staff to be retained and continue to offer a comprehensive support service.
19. The request mid-year to schools forum is to enable sufficient notification to the post holders either with a continuation of a support package, or exit strategy.

The options going forward are as follows

20. Option 1 Schools Forum support a collective agreement covering nursery, primary, special, secondary schools and the PRU.

Effectively the same principle as currently agreed. The total cost of 2 staff is £140k.

Example of possible contributions (to continue to be met from within existing de-delegation levels for mainstream schools)		
Total Cost of 2 PO6 post	£140,000	
Early Years (from 5% hold back)	-£2,349	
Possible income from Platinum Service	-£25,000	
Total Support Required	£112,651	
Pupil Numbers	29499	
Average amount per pupil	£3.82	
School size	Pupil numbers	Contribution
Primary 1FE	180	£687
Primary 2FE	360	£1,375

Primary 3FE	540	£2,062
Secondary 3 FE	450	£1,718
Secondary 4 FE	600	£2,291
Secondary 5 FE	750	£2,864
Greenvale Special School	160	£611
Watergate School	140	£535
Drumbeat School and ASD Service	210	£802
Brent Knoll School	154	£588
New Woodlands School	112	£428
Abbey Manor	160	£611

(The table shown above is for exemplification to seek agreement from a policy perspective).

During 2019/20 & 2020/21, the cost of supporting the 2 nursery schools was borne from the 5% holdback. No charge was made to the Special Schools. It is intended that the cost of support will be chargeable to Special Schools in 2022/23 onwards, unless forum is happy to continue with existing practice.

As stated above, Schools Finance launched an additional service known as the platinum service. This would continue with a potential £25k of income reinvested to support this element. The platinum service is still very much in its early stages and evolves as transformation work creates capacity. The feedback from the schools using the service has been very positive. During 2020/21 18 schools were purchasing the platinum support at varying levels. Some schools are purchasing ongoing services, whilst others are purchasing deep-dives, or adhoc work.

21. It should however be noted as in the present agreement, there is no additional ask for de-delegation as this proposal remains to meet this cost within the schools contingency line of the de-delegation. The additional ask would only be for Special Schools who currently do not get charged for this service as the funding recovered was sufficient.
22. With regards to the income from the Platinum service, that is presently in its infancy as a new product. The income is also held to support any fall out of funding from associated risks.
23. **Option 2 Schools Forum does not support a collective agreement.**
This would mean that staff currently employed by finance would need to be released and the support would revert back to pre 2019/20. We would ask forum to consider that this option would greatly reduce the level of support to schools and the co-ordinated, holistic LA approach to developing schools finance capacity and competency. Without this support the finance service is only setup as a basic function of support to facilitate the statutory minimum support.
24. **Schools forum is asked to support the need to continue with a collective agreement to support schools for a further 2 year period.**

Financial implications

25. There are no direct financial consequences arising from this report. However the

proposals in this report support strong financial management and leadership to support schools. Without this support for schools, we will revert back to a basic statutory framework. This could potentially create risk and compromise financial standing in schools generally.

26. In the event that Schools Forum does not support the proposal, staff currently in post would need to be released. This could give rise to earlier disbandment of the service if staff employed were to find alternative employment.

Legal implications

27. There are no specific legal implications arising from this report.

Equalities implications

28. There are no direct equalities impacts arising.

Climate change and environmental implications

29. Not applicable

Crime and disorder implications

30. Not applicable

Health and wellbeing implications

31. Not directly but potentially, without the strategic support and direction. For many schools, financial management could become challenging and as a consequence result in health and wellbeing issues for staff in particular headteachers and finance leads.

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