

Agenda Item



Report Status

For information/note ☒
For consultation & views
For decision

Report to Haringey Schools Forum – 3rd December 2020

Report Title: Schools in Financial Difficulty Programme Update

Authors:

Kristian Bugnosen
Principal Accountant (DSG)
Telephone: 020 8489 4491
Email: Kristian.bugnosen@haringey.gov.uk

Muhammad Ali
Business Partner (Schools)
Telephone: 020 8489 4491
Email: Muhammad.Ali@haringey.gov.uk

Brian Smith
Head of Finance (People)
Telephone: 020 8489 4491
Email: Brian.Smith@haringey.gov.uk

Purpose:

1. To provide an update and progress on the Schools in Financial Difficulty programme – specifically the Haringey Schools Finance led plans.

1 Introduction.

- 1.1 The Haringey Schools Finance Team made a successful bid at Schools Forum to run a programme to support Schools in Financial Difficulty (SiFD). This was presented to Schools Forum and confirmed in February 2020. £120k was agreed for the financial year 2020/21. This report is an update on expenditure to date and forecast expenditure for 2020/21 the £120k agreed. The functions carried out for statutory responsibilities and the Council traded functions are excluded from this report.
- 1.2 The Schools in Financial Difficulty fund in 2018-19 and 2019-20 had been underutilised and would have eventually been used to support the overall Dedicated Schools Grant (DSG) overspend. The £179k budget is the equivalent of £2.8k provided to each Maintained School if this fund was to be put back to schools. The allocation agreed for the LA led SiFD was £120k or £1.9k per school.
- 1.3 The £1.9k contribution per School through de-delegation is a shared pot from all LA Maintained Schools that functions like an insurance premium. Through the Finance SiFD plan, if a school is in difficulty, they will then access this resource with no further cost to the school.
- 1.4 The Schools Finance Team report of the February 2020 Schools Forum stated the programme aims for adding value to the schools. An update on the progress is in section 2 below. The following link is to the Schools Forum papers:

<https://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CommitteeId=664>

2 Time line

The commitments to the programme and status are presented below:

Phase 2 Commitments.	Status	Comments
· School Business Manager training	Green	Training for 2 academic years set. Further enhancements will include use of training/update of videos available on the web for those unable to attend live or virtual training slots. To date we have commissioned Integrated Curriculum-led Financial Planning (ICFP) training; and delivered Schools Financial Value Standards (SFVS) and APT (Authority Planning Tool) presentations.
· Head Teacher training and new Head teacher induction days as required	Amber	Commissioning of ICFP Training completed and training/presentations have been run for Headteachers and SBMs. SFVS and APT Planning Tool presentation as a pre-cursor to SBM Training have been completed and the training agenda for 2 years has been set. No new Head teacher inductions have been requested.
· Governor finance training programme	Green	Training has been conducted - organised through the Haringey Education Partnership (HEP). No fees charged to HEP to help the £130k governor training contract go further.
· Implement risk registers for all our schools	Amber	Discussions with Internal Audit, HR and finance to meet termly to assess schools at risk.

· Implement integrated curriculum led financial planning	Green	Training has been conducted. Offers of Schools Resource Management Advisor SRMA support offered to 7 Schools. We are exploring if this can be integrated into Novus
· Assist schools to develop and implement a robust 3-5 years budget forecast in line with place planning analysis	Amber	APT Tool to be updated for 2021-22 once we receive ESFA updates expected in December 2020. Initial training/awareness sessions with Headteachers and SBM's concluded. Consultations with Schools Admissions (Place Planning) underway to improve this tool. There is crossover with Integrated Curriculum Financial Planning work as outcomes may dictate budget plans.
· Develop deficit recovery plans for schools in financial difficulty	Green (Ongoing)	See Section 3 update below on Schools in Financial Difficulty for further detail. But work with client Schools are at different stages.

3 Status Updates on Schools in Financial Difficulty

3.1 The LA financial procedure and scheme of financing schools states:

“Where schools are unable to manage their finances by way of a deficit reduction plan with the support and guidance provided, Haringey may be required to exercise its responsibility to intervene and remove financial delegation.”

This action would only be considered as a last resort.

Currently there are **NO** schools in Haringey where this action has been essential. Currently we follow the DfE guidance and we intend to review our internal procedures by March 2021. Therefore, if measures need to be taken, schools are clear as to why this decision has been made.

3.2 The table “P7 LA Loans to Schools” below is a snapshot of Haringey maintained schools that have made loan applications to the LA, via a License Deficit Application or Cash Flow Advance. (Typically, Cash advances are payable in-year). The table provides the movements from 2019-20 and 2020-21.

P7 LA Loans to Schools Headline Info
2020-21

	2019-20				
Setting	Schools that Opened with Licensed Deficit	In year Applications (New License Deficit applications)	Added to existing loan	Cash Advances	Debt Cleared by 31st March 2021
Nursery Schools	1	0	0	0	
Primary	7	3	2	2	
Secondary	1	1	0	0	
Special Schools	1	0	0	0	
AP Provision	1	0	0	0	
Total	11	4	2	2	
	2020-21 as at P7				
Nursery Schools	1	0	0	0	1
Primary	8	4	4	2	2
Secondary	1	0	0	0	0
Special Schools	1	0	0	0	1
AP Provision	1	0	0	0	1
Total	12	4	4	2	5
Total Movements	1	0	2	0	

- 3.3 By providing loans to schools, the LA is effectively using its own funding to support Schools' cash flows. The total projected debt at 2020/21 year end is illustrated below "Current Schools Loans". Other LAs do include interest charges to repayments. The current Haringey policy is **not** to include interest on any borrowing by schools. This policy will be kept under regular review.

Current Schools Loans

2020/21

£

Opening at 1st April	1,342,798
Added in Year	1,603,205
Expected Repayments	(772,785)
Projected Closing Balance	2,123,219

- 3.4 Of the 11 schools (excluding Haringey Tuition Centre) that have provided a deficit outturn forecast Schools Finance at the end of October were engaging with 10 schools under the Schools in Financial Difficulty Programme. Where a school has a Council traded finance service SLA only additional services above the traded offer are charged to the DSG allocation.

4 Schools in Financial Difficulty: Financial Review:

- 4.1 The table below titled "Schools in Financial Difficulty (Finance Support)" details the projected year-end balance of the fund. After considering the charges to

schools eligible for Schools in Financial Difficulty Finance Support and other bought in consultancy.

Schools in Financial Difficulty (Finance Support)

Charge to Schools met by Schools in Financial Difficulty

		Primary	Secondary	Nursery	Special	Total	
	Rate per annum	£7,500	£10,000	£7,500	£7,500		Monthly Charge
Actuals	April	3	1	0	0	4	£2,708.33
	May	3	1	0	0	4	£2,708.33
	June	3	1	0	0	4	£2,708.33
	July	4	1	0	0	5	£3,333.33
	August	4	1	0	0	5	£3,333.33
	September	6	1	0	0	7	£4,583.33
	October	8	1	1	0	10	£6,458.33
						Total Actuals (Apr - Oct)	£25,833.33
Forecast	November	10	1	1	0	12	£7,708.33
	December	10	1	1	0	12	£7,708.33
	January	10	1	1	0	12	£7,708.33
	February	10	1	1	0	12	£7,708.33
	March	10	1	1	0	12	£7,708.33
						Total Forecast (Nov - Mar)	£38,541.67
Total Schools Finance Support Chargeable to School (Actuals + Forecast)							£64,375.00

Headship Consultancy

Budget Area	Description	Actual	Forecast	Total
TSO (ESFA accredited Consultancy)	Contract with TSO for ICFP Support	£1,000.00	£4,000.00	£5,000.00
School Business Managers - pool.	2 days a week at £250. For 13 Weeks from 1 Jan 2021	£0.00	£6,500.00	£6,500.00
Total Headship Consultancy (Actuals + Forecast)				£11,500.00

Schools in Financial Difficulty 2020-21 Allocation	120,000.00
Drawdown for School Charges and Headship	-£75,875.00
Balance	44,125.00

- 4.2 Schools Forum agreed that any balances from SiFD fund would be retained for the Finance Programme. This is applicable to 2020-21 and 2021-22 financial years only.
- 4.3 From March 2022, any surplus funding will go back to the DSG balance (which is likely to support the overall overspend).
- 4.4 Schools Finance will then need to make a case to Schools Forum if they wish to access Schools Block funding in future.

5 Risk Register.

- 5.1 If the Council-led SiFD DSG support is reduced, there will be a loss of flexibility with Schools Finance support and staff will have to concentrate on statutory obligations / prioritise paid customers only. The current structure has capacity for flexibility and cover.
- 5.2 School business managers identified the transient nature of finance support with dedicated contacts constantly changing. From a recruitment standpoint, Schools Finance may struggle to attract good quality staff if there are no long-term prospects or an attractive mission/goal to entice. (Implementing changes and innovations).
- 5.3 All “free to all” training programmes would cease. Availability of bespoke training will be limited.
- 5.4 LAs and School with transparent partnership working can provide a more robust central government challenge. The Schools in Financial Difficulty programme adds a layer of transparency that demonstrates the steps that Schools have taken in addressing their financial difficulties – with the backing of the LA. Only performing statutory roles would greatly lessen the LA support to Schools.

6 Conclusion

The Schools Finance traded service is self-funding at cost and is charged to Secondary schools at £10,000 p.a. and all other schools at £7,500 p.a. The additional £120k allows for around 20 schools in financial difficulty to access LA support that would otherwise need to be paid for.

The ceasing of this additionality would mean schools that currently would be eligible for the Schools in Financial difficulty programme support would have to pay for it: this will add further financial burden to our schools facing financial hardship.

The Schools in Financial Difficulty Programme was proposed as a response to problems identified in the quality of Schools financial reporting back to the LA as part of their statutory obligations. The upskilling across the borough is a strategic response to enable Schools to fulfil their financial reporting duties. Any drop in reporting standards, or schools unable to provide and adhere to deficit recover plans will correlate with the need for the LA to drastically alter tolerance levels for intervention. The LA may need to increase their rate of intervention to remove financial delegations.