

Agenda Item



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 14th January 2021

Report Title: Schools in Financial Difficulty Programme Update

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Purpose:

1. To follow up on previous report on Schools in Financial Difficulty programme.
2. To include further impact analysis and how school finance supported schools who signed up for the programme.

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 at and the reconfirmed in February 2020.
- 1.2 The School in Financial difficulty program was then officially approved in July 2020 by the school's forum. Schools finance started supporting schools from September 2020.
- 1.3 The service is a new service for schools. Initial feedback from our schools have been provided in **appendix A**.

2 Direct Impact

- 2.1 The schools finance team support schools in financial difficulty with one to one support. The team work directly with school business managers to ensure they improve and enhance budget monitoring and control functions to support school leadership team with timely and accurate information. This includes
 - Licence deficit applications
 - Restructure reviews
 - Detailed variance and risk analysis
 - Integrated curriculum led Financial planning
 - Financial Health checks
- 2.2 Our engagement with clients has allowed for standardisation of reporting and information gathering. The overall aim of Schools Finance's involvement is to empower schools to have a stronger understanding of their finances to support strategic decision making for school senior leadership teams.

This picture illustrates the aim of School's Finance involvement in the decision-making process.



The programme aims to improve the decision-making process for our schools. Currently too much time is spent on data-gathering and collating

source data into meaningful analysis to support decision making. Schools Finance aim to work with schools to make these processes as seamless as possible so that data is presented in a manner that allows decision makers to make informed decisions based on high quality data and effective analysis of this.

- 2.3 The table below shows a comparison of external service providers compared to the Council Traded Services offer.

SiFD Schools - Potential Savings. Key

	Average Consultant *	LA Annual Price	Difference on Average
Nursery	10,000	7,500	2,500
Primary	10,000	7,500	2,500
Secondary	12,000	10,000	2,000
Special	10,000	7,500	2,500

* Information obtained from schools we are currently supporting. The average consultant charge is based on SLAs charge with their previous external consultants.

- 2.4 The table below shows savings that schools have made by signing up for SiFD

Schools in Financial Difficulty (Finance Support) Financial Breakdown - Estimated Savings

Potential Savings to Schools met by Schools in Financial Difficulty Programme

	Primary	Secondary	Nursery	Special	Total		
	Average Saving	£10,000	£12,000	£10,000	£10,000	Monthly Saving	
Actuals	April	3	1	0	0	4	£3,500.00
	May	3	1	0	0	4	£3,500.00
	June	3	1	0	0	4	£3,500.00
	July	4	1	0	0	5	£4,333.33
	August	4	1	0	0	5	£4,333.33
	September	6	1	0	0	7	£6,000.00
	October	8	1	1	0	10	£8,500.00
Total Actuals (Apr - Oct)						£33,666.67	
Forecast	November	10	1	1	0	12	£10,166.67
	December	10	1	1	0	12	£10,166.67
	January	10	1	1	0	12	£10,166.67
	February	10	1	1	0	12	£10,166.67
	March	10	1	1	0	12	£10,166.67
Total Forecast (Nov - Mar)						£50,833.33	
Total Savings		£67,500	£12,000	£5,000	£0		£84,500.00

***These figures are indicative potential savings.**

Case Study 1: A school applied for a licensed deficit through a consultant. The external consultant charges were £400 per day to the school, working with the school's business manager to complete a cash flow forecast and three years' budget profile for the school to show the viability of the schools' financial position. The total cost to the school for the external support with the licenced deficit application was £1,200 (three days support).

The council supported 6 schools during the last 6-8 months with the licenced deficit applications without the need for schools to hire external consultants.

Case Study 2: Supporting schools with financial health check: the health check provides high level assessment of finances and financial processes within schools. The aim of health check report provides a direction of travel for schools to investigate further if they are significant variances. [See attached Case Study 2 – Financial health check report](#)

There has been a positive feedback on the presentation of the health check report as it provides structure and a process for schools to approach the review of their financial operations. This helped one school to accept the need to review their cost of the structure, through evidence-based analysis. We are in process of completing further financial health check programme with more in the pipeline to support in 2021.

Case Study 3: Budget monitoring report: Standardisation of reporting makes it easier for headteachers and schools' governors to understand the financial position of their school.

We have developed new reporting templates for our schools. We have trialled this with 3 schools. We have received positive feedback on this from headteachers and school governors. This will be rolled out to all our clients. [See attached Case Study 3.](#)

The above is just an example for strategic direction we have taken to support all our schools business managers ,not only those schools in financial difficulty, but we are promoting a consistent approach to provide better financial information to their head teachers and the council for informed decision making.

3 Indirect Impact (Qualitative)

- 3.1 School Business Managers (SBM) Training sessions have been delivered to SBMs to assist with improving and standardising financial knowledge and understanding and processes and standards across Haringey schools. This also gives a chance for SMBs to engage with the schools' finance team on a regular basis. We have initiated these sessions for SBMs, headteachers and Governors from 2019. Anonymised feedback samples from the sessions has been provided in Appendix A.
- 3.2 SBMs have been trained on Schools Financial Value standards tool last year to support their senior leadership team (SLT) team understanding their school's key performance indicators and interpret their school's financial performances.

This has been delivered to business manager at no additional cost to schools because many Schools rely on external consultant to provide this information for submission to the Local Authority.

3.3 Quality of Year end returns 2018 -19 & 2019 – 20

Financial Year	No of Schools	Un-reconciled	Reconciled
FY 2018-19	63	80%	20%
FY 2019-20	63	40%	60%

In 2018-19 80% of Year End Returns from schools were un-reconciled and some were returned with issues that included the following:

1. Opening balances were not reconciled with the council books.
2. Income statements and balance sheet were not reconciled.
3. Miscoding of grants to various CFR codes.

One of the major issues with un-reconciled income statements and balance sheet means, school business manager will not be able to correctly calculate their schools cash flow requirement. School finance provided a template to schools to calculate schools cash flow requirements for the next 12 months. (The 3 major financial returns are Income and Expenditure Statement, Balance Sheet and Cash Flow – these must all reconcile).

Due to the above issues there is added administrative burden on LA and Schools SBMs as it raises a high level of financial risk and concern on credibility of schools' return. The School Finance Team have looked to alleviate these pressures and added efficiency and regulation to processes.

In the 2019-20, the quality of return improved considerably. This was achieved due to increase engagement with SBMs including training, introduction of templates & tools such cash flow and APT budget tool, and the implementation of NOVUS system.




NOVUS for year-end helped in the following ways:

1. Improved data collection via a portal not using excel documents minimise administrative burden and errors. Positive comments from some SBMs that changes in process was quicker and easier.
2. Gateway check on NOVUS portal, prompt school schools to check their income statement and balance sheet reconcile before submission to the LA. The portal will not allow school to submit un-reconciled returns to the LA.
3. Return via portal allow a dashboard review of school's progress in submitting returns to allow the LA to be proactive in supporting school to complete their statutory obligations.

To conclude this update examples of customer feedback are included below.

APPENDIX A: Customer Feedback




Training Session Feedback - Samples


 **Governor Training - Finance for Governors** Chat Files Meeting Notes + Join  10 


(Guest) 11/5 10:58 AM
Great. these templates are great. Thanks

(Guest) 11/5 11:24 AM
Great presentation guys

(Guest) 11/5 11:10 AM
Thank you, this was really helpful

 **Briefing: Schools Financial Value Standards** Chat Files Meeting Notes + Join  14 


(Guest) 10/16 11:38 AM  1
Thank you. This was very helpful

(Guest) 10/16 11:40 AM  1
Benchmarking is very useful in terms of trying to find a similar special school to ours at very difficult. is

Feedback from the Headteacher in reference to Budget Monitoring Report (Case Study 3)

Retention Policy - Haringey Global Retention (7 years)

Expires: 17/11/2027

 You forwarded this message on 19/11/2020 15:18.

My goodness Ali, your report is amazing! Thank you so much for your hard work; I think that the Governors will really appreciate it – it provides them with all the information that they have been asking for and is so succinct and clear.

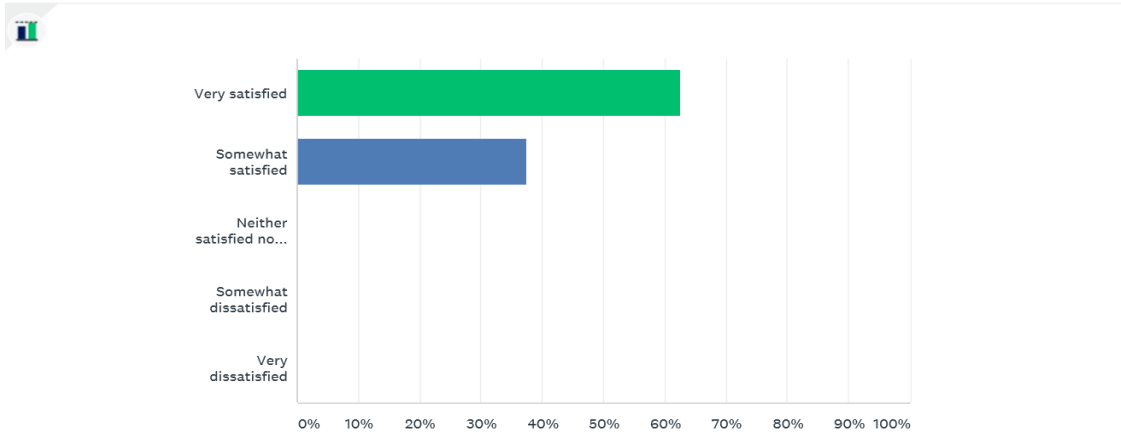
I just have one question; under 'Teaching Staff, point 2' we took out maternity leave insurance but did not replace the teacher as we are sharing one teacher across the Reception and Nursery classes. I am wondering if that will affect the 21k forecast at the end of the financial year.

Best wishes and thank you again,

Survey Monkey feedback (Current Clients)

Overall, how satisfied or dissatisfied are you with our services?

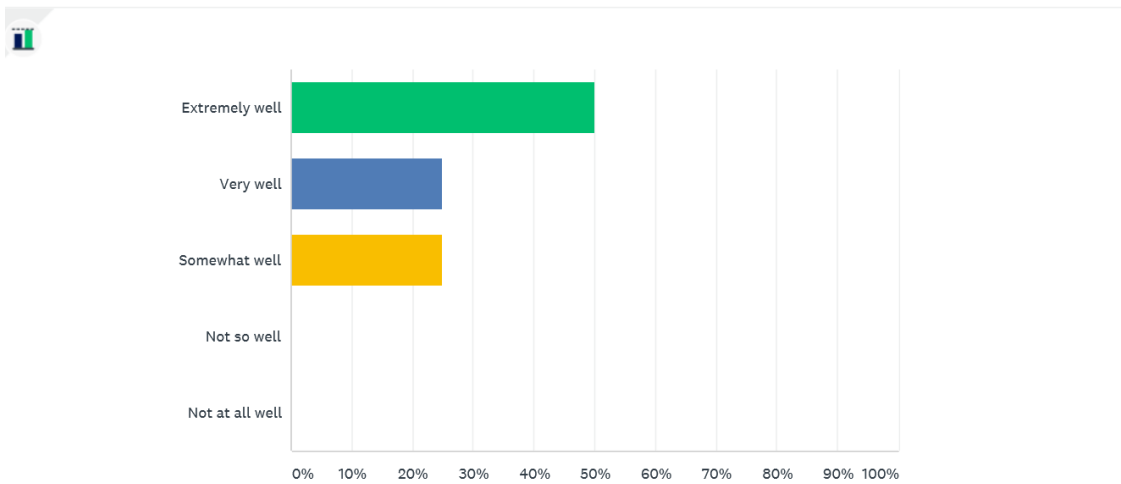
Answered: 8 Skipped: 0



ANSWER CHOICES	RESPONSES
Very satisfied	62.50% 5
Somewhat satisfied	37.50% 3
Neither satisfied nor dissatisfied	0.00% 0
Somewhat dissatisfied	0.00% 0
Very dissatisfied	0.00% 0
TOTAL	8

How well do our services meet your needs?

Answered: 8 Skipped: 0



ANSWER CHOICES	RESPONSES
Extremely well	50.00% 4
Very well	25.00% 2
Somewhat well	25.00% 2
Not so well	0.00% 0
Not at all well	0.00% 0
TOTAL	8

Q4

Any other comments you would like to make about traded services

LA Officers are very helpful and responded promptly to the needs of the school.

Q4

Any other comments you would like to make about traded services

We are very grateful to the LA Finance team for their support and advice

Q4

Any other comments you would like to make about traded services

Very prompt and patient.

Q4

Any other comments you would like to make about traded services

It would be great for the service to distinguish complimentary services being a Haringey school and chargeable services which would help support business managers.