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| **AGENDA ITEM** |

**Title of report: School Finance Update**

**Author of the paper: Kay Goodacre**

**Officer to present the paper to Schools Forum: Kay Goodacre**

**Details on who has been consulted with on this paper to date: Finance and Children and Culture Directorate**

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| **Executive Summary.**  A School Finance team update on current procedures and proposed changes. |

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| **Forum is asked to Note:**   1. The 2020/21 Year End Timetable. 2. Individual School Budget (ISB) allocations 2021/22 3. The Revised School payment schedule for 2021/22 4. The Ongoing position on the Councils Statement of Accounts. 5. The Council School Finance Improvement Plan |

**Background.**

**There have been a number of issues raised through different forum on the working and ongoing relationship between the Council and locally managed maintained Schools. A corporate Director “reset” programme is now in place for Finance along with other key services to ensure that this relationship is supportive from both sides. Key to that relationship is ensuring clear and accurate communication of both data and joint responsibilities. This report covers some if the current changes and issues within Schools Finance.**

1. **Year-end timetable 2020/21**

As part of the reduced allowable time for Local Authorities to complete their year end accounts for the 2019/20 closedown the decision was made to have an early Accounts close for Schools with a number of estimates of costs required as well as additional reconciliations made within central Finance. Whilst this early closedown was expected to support work being completed to a shorter deadline it led to significant confusion at School level and a more complex accounting procedure within the centre. Therefore for 2020/21 we have reverted to a traditional 31st March closure deadline to ensure a clean and manageable year end reconciliation.

The revised timetable was initially discussed with locally used consultants and the chair of the School Business managers Forum, to iron our any possible hurdles before being presented to all School Business Managers through a number of workshops. The workshops were well attended with only six schools unable to send a representative. We have redesigned the template that schools complete with all their in-year movements to aid a simpler and where possible automated return.

We have developed a comprehensive set of frequently asked questions from the workshops which have been posted on the Schools portal to support schools in meeting the proposed deadlines and any questions they may have.

1. **Individual Schools Budget shares 2020/21**

All pre 16 Budget shares for maintained Schools have now been posted to the Schools portal. The budget shares have been calculated using the formula agreed with the Schools Forum, that is the national funding formula plus 2% minimum funding guarantee. The previously separately funded pay and pension grants are now included in the baseline for the budget calculation so School will also see a 2% per pupil increase in the amount previously received in the separate grant. We have also uploaded a calculation for pupil premium allocations for 2021/22 which are now based on October rather than January census. Still to be loaded are details of early years, post 16 and SEN funding which will be confirmed by the end of March. It should also be noted that pay and pension grants will continue to be paid separately for these areas.

1. **Revised payment schedule 2021/22**

We are making some changes to the way we allocate funding to Schools which will bring in regular and consistent payments for all schools and reduce the current transaction costs. We will pay the main budget share (ISB) in equal monthly instalments, with 2 instalments paid at the beginning of April to support the schools in building an initial cash reserve. We will then make quarterly payments of Early Year, SEN and any Ad Hoc payments starting in May.

1. **Council Statutory Accounts Position**

The Council is still in a position of not having the 2018/19 and 2019/20 Statements of Accounts signed off by the Auditors. The Accounts have been restated and Auditors continue to check transactions which has meant that we have needed to continue to ask Schools for evidence of transactions for some time ago. This has also meant significant time commitment from the School finance team. A significant number of School specific issues have been raised as part of the Audit. The majority of the concerns raised will have little or no effect on individual school’s accounts but do cause an overall issue in terms of presentation within the full council accounts. Whilst working through historic problems has been difficult it has helped identify areas that we have been able to change or improve as part of the current year end procedure.

1. **School Finance improvement Plan**

Through an independent review of the Councils final years accounts provision a comprehensive improvement plan has been put in place to support the required changes in all areas with a significant workstream focusing on the internal treatment and monitoring of the Schools Financial position and the transactional data held in the Councils General Ledger. Details of the school improvement plan are included as an appendix.