Title of report: Schools Working Party Update

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**Details on who has been consulted with on this paper to date:**

Schools Working Party (including Extended Group)

**Executive Summary**

This report is to update Schools Forum on the progress of the Schools Working Party

**Details of recommendations and timescales for decisions:**

Schools Forum is asked to:

● Note and comment on the contents of the report

1. **Background**
   1. The Schools Working Party (extended group) was established last year to work alongside the existing Schools Working Party to continually improve the year-end (YE) closure of accounts process.
   2. In addition to Schools Finance Officers and School Business Managers (SBMs), the extended group includes representatives from the Headteachers Group and Corporate Accountancy.

* 1. An update was previously reported to Schools Forum in October 2022. The purpose of this paper is to update members on the progress of the Schools Working Parties work since that date.

1. **School Working Parties Update**
   1. The Schools Working Party met twice in the Autumn term, on the 14 September and 2 November 2022.
   2. David Waller, financial consultant, was invited to the first of these meetings at the request of the Headteachers Group, to provide further details around some of the issues raised by the Extended Working Party.
   3. A summary of the resulting outcomes following discussions at these meetings and the subsequent work of the group are outlined in Appendix 1.
   4. An update was also shared at the Extended working Party, which took place on 7th December 2022.

**Appendix 1**

**Schools Working Party Outcomes**

| **Issue** | **Outcome** |
| --- | --- |
| Accruals below £10k de minimis | A sample of last year’s schools YE returns were reviewed. Some of the items below the de minimis threshold had been outstanding for many months or were in dispute. These ideally should have been cleared in a timely manner with good housekeeping practices in place. This was covered at the Housekeeping drop-in session for SBMs held in December.  Schools were reminded that all accruals (including trade creditors below) MUST be evidenced by supporting documentation (i.e. an invoice or basis of calculation) |
| Trade Creditor accruals (SAGE) | The YE template has been updated to allow the correct treatment of VAT for trade creditor accruals. This is where an invoice has been received and recorded on the accounting system but has not been paid before YE. A walkthrough of the revised template is to be undertaken and reported back to the Working Party before YE. |
| Schools year-end cash advance payments | An additional supplementary cash advance payment will be made to maintained schools in February 2023, to passport any grant income and ad hoc requests which have been received since the December quarterly payment. It is anticipated that termly adjustments to Early Years and SEN funding will also be included within this.  A final mop-up cash advance payment will still take place at the end of March 2023 for any remaining items, but the earlier payment will assist schools with their year-end cashflow and housekeeping. |
| NNDR & Dedelegated Income & Expenditure CFR reporting | Non-domestic Rates (NNDR) for schools are now paid directly by the DfE. Schools will need to reflect the notional income and expenditure on their ledgers for NNDR and also for delegated budget items, which had not been done previously.  The income and expenditure amounts will be included in the February Cash Advance payment against the relevant CFR codes and stated on the remittances, so that these items can be accurately reflected in the schools accounts. |
| Timeliness of LBTH Payroll | Monthly payroll reports are now being run and made available earlier to schools after the main pay run. An updated report is then issued to any schools which have payroll items on the later supplementary payment run. This will assist schools with their month-end processes.  The March payroll will run slightly earlier (on the 23 March 2023) so that the resulting direct debit transactions will clear the schools bank accounts before year-end. |
| Quarterly Budget Monitoring | Enhanced monitoring has been put in place for Quarter 3 (due date 31 January 2023) and includes preparations towards year-end such as leases and prior year accruals.  An optional cashflow forecast has been included for schools to complete. However, it is important that any cashflow issues should be notified to Schools Finance immediately so that appropriate measures can be taken.  Schools Finance are currently working with 10 schools which are projecting a deficit this year. |
| Year-end Returns and Timeline | The year-end returns deadline is Friday 21 April 2023. The external payroll YE return date will be later (TBC).  Workshops will be held remotely on 8 and 9 February 2023 to go through the revised YE template and process. **All SBMs and finance consultants are strongly encouraged to attend.** |
| SEN funding improvements | Schools Finance are to meet with the SEN team to formalise a process and timeline which will then be made available to schools. |