

Financial Management Optimisation

Draft Carry Forward Policy

27th November 2020

Gerard Gieseckam, Chief Financial Officer
Vanessa Felton, Director Finance Excellence

Helping Schools to spend today's funds on today's students

We have a three-fold strategy:

- Coaching support
- Carry Forward Policy
- Simplifying School Budgets

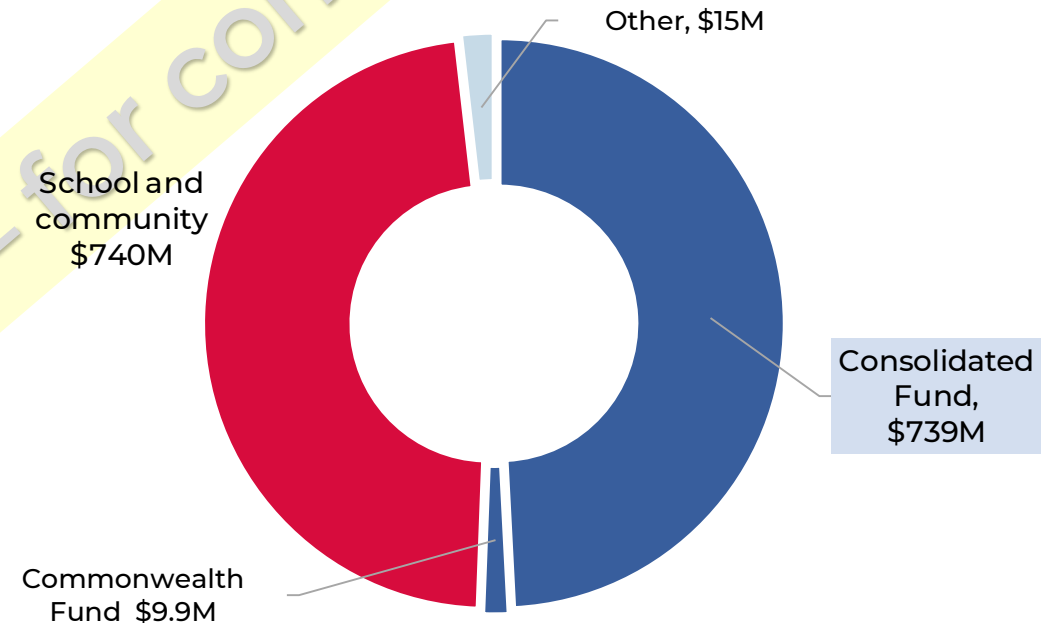
Carry Forward Policy:

- Applies to State Consolidated Funds only

Opportunity with School & Community Funds

- Regional Renewal Plan (\$120m)
- Metro Renewal Plan (\$120m)

At the end of 2019 schools had accumulated over \$1.5 billion



Continuous improvement

Coaching and support

Past 18 months, significant effort has been put to developing systems, processes and capability to support schools to plan out and manage their budgets:

- ❑ We've helped schools to improve their budget planning using the eFPT
- ❑ Enhanced eFPT with a reporting suite to support Principals
- ❑ Enhanced Quick Reference Guides
- ❑ Created eFPT e-learning modules

Coaching for Financial Performance

The Challenge:

- There are Schools that consistently underspending their State funding allocation
- There are +400 schools with high accumulated amounts in State funding

The Intention:

- Identify the root cause(s)
- Tailor advice for the school, linking them with experts from across the Department
- Develop an Action Plan aligned with their School Improvement Plan to utilise the funds to achieve their student learning outcomes

Coaching for Financial Performance

The Process



The insights



Options are being explored to help remove these barriers:

- ☐ HR are engaged to help support staff availability
- ☐ Teams are being identified to help address Schools capability gaps
- ☐ SINSW are engaged to help support infrastructure needs

Iterative development process

Ongoing consultation and refinements

The retention of State Consolidated Fund at the end of the school year poses a risk to the achievement of improved student learning outcomes. This policy is directed at minimising this risk through clear guidance to schools.

POLICY Schools Carry Forward Policy

1. Policy statement

1.1 The purpose of this policy is to provide schools with clear guidance on the retention of State Consolidated Fund (SCF) at the end of the school year.

1.2 'Carry forward' in this policy refers to the retention of SCF at the end of one school year to be used in the following year.

1.3 The Department will permit the opening balance of SCF to be carried forward to the following year.

1.4 'Automatic Carry Forward' in this policy refers to the automatic retention of SCF at the end of each school year.

1.5 The Department will permit the opening balance of SCF to be carried forward to the following year.

1.6.1 Carry forward amounts related to existing school infrastructure NSW, in accordance with the relevant legislation, will be carried forward.

1.6.2 The Department cannot guarantee it will update Fund identified during 2021 or subsequent years as part of the school plan.

In exceptional circumstances, schools may carry forward SCF after term 1.

2. Audience and applicability

2.1 This policy applies to NSW public school principals and their staff who are responsible for school budget management.

2.2 This policy also applies to corporate staff working with NSW public schools in relation to budget management.

2.3 This policy does not apply to carry forward adjustments in corporate areas of the Department.

3. Context

3.1 The principles outlined in the policy statement above are aimed at establishing long-term, sustainable financial management practices that mitigate the risk that State Consolidated Funds will be significantly underused in schools.

3.2 The requirements set out in this policy are consistent with supporting legislation and the directions of Treasury. They are mandatory for schools to follow.

3.3 A summary of relevant law and policy is provided below:

Act	Section	Summary
Consolidation Act 1992 (NSW)	39	Principals, schools and other persons are required to ensure that SCF is used in the school year for which it is received.

NSW Department of Education

FMRG workshops

Positive collaboration from all

Purpose: Share the carry forward policy implementation details and obtain feedback from FMRG members

Process: High Level walk through of change Interactive discussion regarding key process elements

Play-off: Everyone has a common understanding of the carry forward implementation and potential gaps have been identified

FMRG attendees	Non-School Colleagues
Michael Burgess	Sonya Allington
Mark Cosbell	Bridget Antaky
Tim Lloyd	Cathy Broadbridge
Mark McConville	Jodi El-Chah
Karen Mortimer	Suzanne Daykin
Lindsay Paul	Nick Devine
Craig Peterson	Donna Fabian
Michael Smith	Sohrab Fataar
	Vanessa Felton
	Gerard Giesekam
	Peter Haneman
	Deb Hodges
	Jess Horn
	Saad Bin Kalam
	Ram Lakshmanan
	Brownwyn Lyon
	Michelle Mills
	Vahideh Nemati
	Michelle Ngo
	Glenn Nguyen
	Lynelle O'Connor
	Hazel Richardson
	Brienne Roberts
	Chris Vlassis
	Kerri Young

What are we proposing?

Considering the feedback received, what have we done, what might we do?

Topic	Actions
Implementation Timeline	We heard from FMRG... <ul style="list-style-type: none">Term 4 is already full for Schools and not a good time to launch...So we worked with the Exec and propose to officially launch as early as possible in Term 1
Communications	We heard from FMRG... <ul style="list-style-type: none">Communications are vital and you want to work with us to get it rightWe are drafting communications in phases and will have FMRG help craft and review messaging
Automatic Carry Forward	Transactions that impact Schools in Term 4 <ul style="list-style-type: none">We heard from FMRG...<ul style="list-style-type: none">There are various methods that schools receive funds in Term 4. This late in the year poses challenges to enable schools to plan and spend these dollars.We are reviewing all dollars that are sent to schools in Term 4 of a School YearWe are working with responsible areas to change their approach to enable schools to maximise utilisation of the funds
	Staffing dollars are hard to track and reconcile <ul style="list-style-type: none">We heard from FMRG...<ul style="list-style-type: none">The most "unknowns" in school budget transactions are associated with staffing in/out, EG Workers Compensation, reimbursements, costingsWe will continue working with FMRG on Simplifying School Budgets where we are committed to remove the staffing transactions in time for 2022 SBAR release.We will confirm the automatic carry forward amounts are for operational expenditure aimed at giving schools some flexibility between school years.
	Bandings or % <ul style="list-style-type: none">We heard from FMRG...<ul style="list-style-type: none">That there needs to be a solution that solves for 2021 (staffing still included) and 2022 onwardsWe will build a % amount that is an automatic carry-forward
Tools to support	We heard from FMRG... <ul style="list-style-type: none">That Principals would like further enhanced reporting and predictive forecasting in eFPTWe have included this on our eFPT Roadmap and will look at this in conjunction with Simplifying School Budgets

Draft Policy Highlights

Part 1 – 2021 Opening Balance (new 6101 Fund)

2021 Opening Balances

- ❑ Opening balance at January 2021 carried forward for up to 4 years
- ❑ Requests to carry forward this balance are not required each year
- ❑ Unspent amounts at the end of December 2024 will be centralised

Why four years to spend accumulated funds?

- ❑ Aligns with School Planning Cycle and can support you doing additional uplift
- ❑ Four years is considered a reasonable timeframe to plan & spend – SPC/PPA feedback

4 Years to
spend down
2021 Opening
Balance

2021
Opening
Balance
separated &
tracked

Draft Policy Highlights

Part 2 – ongoing unspent 6100 allocation

6100 fund ongoing carry forward amounts

- Unspent funds at the end of a school year will no longer roll-over
- Spend your allocated SBAR each school year
- Requests for Carry Forward can be made
- Requests are managed on a case by case basis, approved by the DEL then the CFO

An Automatic Carry Forward amount will be designated for each school based on a percentage of budget

A minimum and maximum will be applied to ensure smaller schools do not have increased admin burden

* Note the policy will also be reviewed Annually to ensure alignment with Department priorities

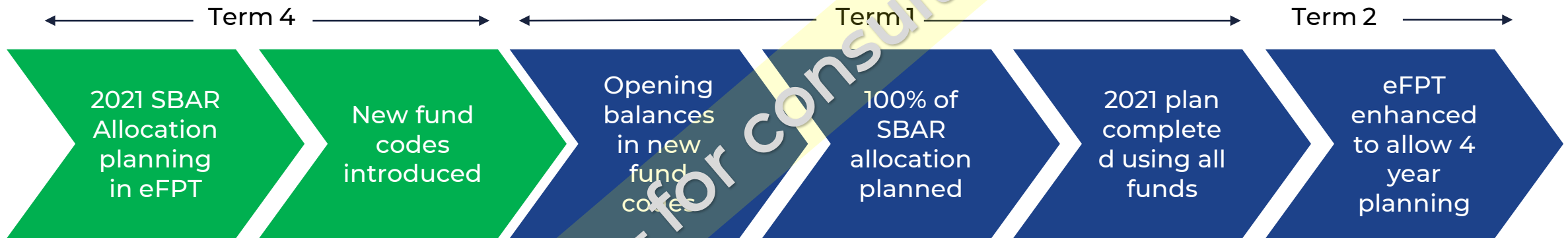
What are we proposing?

Considering the feedback received, what have we done, what might we do?

Topic		Actions
Implementation Timeline		<p><i>We heard from FMRG....</i></p> <ul style="list-style-type: none"> Term 4 is already full for Schools and not a good time to launch ... Adjusted Launch to Term 1, Week 5
Communications		<p><i>We heard from FMRG....</i></p> <ul style="list-style-type: none"> Communications are vital and you want to work with us to get it right Communications in phases and FMRG to help create and review messaging
Automatic Carry Forward	Transactions that impact Schools late in the year	<p><i>We heard from FMRG....</i></p> <ul style="list-style-type: none"> Minimise the funds schools receive funds in Term 4 to reduce Carry Forward concerns We are working with responsible areas to change their approach to enable schools to maximise utilisation of the funds
	Amount or %	<p><i>We heard from FMRG....</i></p> <ul style="list-style-type: none"> That there needs to be a solution that suits most schools to reduce the adminburden Automatic Carry Forward is likely a % amount Will have a floor and ceiling – ensuring small schools are accommodated
Tools to support		<p><i>We heard from FMRG....</i></p> <ul style="list-style-type: none"> Principals would like further enhanced reporting and predictive forecasting in eFPT to ensure they maximise their budget eFPT enhancements will be developed in conjunction with Simplifying School Budgets

Policy roadmap

Feedback recommended a phased approach



Phase 1 - Term 4 - 2020

Key messaging

Ongoing consultation with schools

Phase 2 - Term 1 & 2 -2021

Policy Launch – Week 5, Term 1

Term 1 – Webinars and support initiatives

Term 2 - Four year planning capability live in eFPT.

Phase 3 – targeting 2022 SBAR onwards

- Automatic carry forward amount part of 2022 opening balances
- **Simplifying School Budgets** initiative reducing the staffing component of budget management

Questions?

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