

Refresher Finance for Frequent Flyers

SBM Conference 2021



Today's Agenda

- Revisiting common risks schools face
- Aligning spending with strategic goals – and income streams
- Budgeting and forecasting - your strongest tools
- Planning for the future
- MoE resources available



Revisiting common financial risks

- The big three risks remain unchanged.
 - Staffing – overstaffing.
 - Roll decline – sudden and/or progressive.
 - Asset purchasing – unplanned or delayed.
- In the short term add the following risk factors as well.
 - Cash flow management, and
 - Loss of Locally Raised Funds revenue (e.g. donations, fundraising, International students).
 - Number 8 wire attitude to finances (keep doing what we have always done).
- How do you minimise the impact of these risks.
 - Not spending more than you get.
 - Prioritise and then monitor spending.
 - Plan for the future.



Aligning spending with strategic goals

- Each school sets its own goals and aspirations annually.
- Focus your financial resources toward the goals of the strategic plan.
- If it's in your plan it's important to you as a school so you need to fund it.
- Is there value in having a million dollars in the bank but the students are not reaching their potential?
- Just remember you only have 3 revenue streams to fund the strategic plans of the school.
 - Operational funding.
 - Locally raised funds, and.
 - Sale of Goods and Services (e.g. Sausage Sizzle or Take home components).
- Do you include strategic financial goals in your schools Charter?



Budgeting - Your Strongest Finance Tool

- Your budget is the most powerful tool you have to control your finances, it's your plan or guide.
- Deficit budgets are ok (in the short term).
 - Do you have enough reserves to cover the proposed deficit?
 - How long can you sustain the course of action –Forecast the impacts.
- Budget Tracking and Forecasting.
 - No you can't re-budget, but you can re-forecast. but limit the revisions to once a year where possible.
 - Compare actual results against budget on a monthly basis.
 - Research and provide explanation for variances –suggest that variance of +/-10% from budget are explained.
- COVID 19 challenges created or reset?
 - Boards and school management will need to keep assessing how sustainable current income streams are and may need to start making difficult decisions around offerings.
 - Need to assess what the 'new normal' looks like.



Forecasting – Budgeting's wise older sibling

- Why is forecasting important?
 - It can simulate the impacts of different financial decisions or scenarios.
 - How long can I afford to undertake this course of action?
 - If the school is in a difficult financial position, it can be used to evaluate the time required to change the current position and what actions need to be taken.
- What should I forecast?
 - Income / Expenditure – you're over all picture.
 - Staffing – Entitlement and Board funded.
 - Cashflow – will we run out of money?
- Cash flow forecasts can help you identify when you may have extra cash available or experience shortages, so you can make the right decisions for your school.
- Planning, budgeting and forecasting can steer you in a planned direction to support your strategic goals.



Planning for the future

- We can't forget that a school in many respects is a small to medium enterprise.
- Planning for tomorrow is just as important as planning for today.
- Keys areas to consider.
 - Cyclical Maintenance (painting our school).
 - Replacing our assets, an asset replacement plan.
 - Maintenance of board owned assets.
 - Have you prepared a long-term financial road map (5-year plan).
- The overall theme in the last few slides

“Failing to plan for the future is a plan to fail.”



Current Events

- **New funding available for Pacific bilingual and immersion programmes**
 - As part of Budget 21, operational funding and PLD resources have been approved for Pacific bilingual and immersion education in schools.
 - A new funding component will be introduced from January 2022.
 - More details and FAQ on our website: [Operational funding components - Pacific bilingual](#)
- **Donation's funding policy update**
 - We updated our donations funding policy to recalculate the entitlement based on the March roll return.
 - The payments have been included in the July operational funding instalment.
- **OAG Audit Tender round**
 - The OAG appoints the school's auditor to undertake the schools annual audit process and are currently in the tender process for the 2021-2024 audits.
 - If your school has any concerns around your current auditor, these should be directed to the OAG.
 - Look at this as an opportunity to reset the expectations and dialogue between you and your Auditor.
 - Establish an audit plan, timeframes and deliverables for everyone



Current Events (Continued)

- **Banking staffing monitoring stepping up**

- From 1 July 2021 a renewed vigour in the monitoring of this, following the delay of repayment in 2020. Particularly where schools are in excess of 10% of their entitlement.

- **Access to period products in schools and kura**

- Free period products are available to order for all state, state-integrated and kura who have opted-in to the initiative.
- Period products can be ordered through **Down the Back of the Chair**
- More information and guidance can be accessed on our website: [Access to free period products information](#)

- **Teacher Aide Pay equity top up funding**

- The “top-up” is designed to not cause a school any disadvantage due to the collective agreement settlements.
- The current year’s funding is based on 2020 payroll data. The April 2022 wash-up will use the full year of 2021 payroll data and adjustments will be made to funding as necessary.
- Wash-ups are completed in the April of the following year. The only circumstance where a school’s funding would decrease, from the initial 1 January instalment, is if the prior year finalised data shows that a school has less teacher aides or worked for less hours than estimated.



MoE resources available

- Local School Financial Advisor.
- We have refreshed our main document for financial guidance - “*Financial Information for Schools Handbook*” (FISH). [Financial-Information-for-Schools-Handbook-2021.pdf \(education.govt.nz\)](https://www.education.govt.nz/financial-information-for-schools-handbook-2021.pdf)
- Tools to assist schools:
 - Developed:
 - Lease vs buy tool. [https://www.education.govt.nz - Lease vs Buy tool 2020](https://www.education.govt.nz/lease-vs-buy-tool-2020)
 - Payroll error report calculator. [https://www.education.govt.nz - School Error report Summary Calculator](https://www.education.govt.nz/school-error-report-summary-calculator)
 - Kiwipark Videos and Annual Reporting Webinar. [Schools annual report resources](https://www.education.govt.nz/schools-annual-report-resources)
 - Staffing Calculator (Website or Talk to your School Finance Adviser).
 - Developing (late 2021 release):
 - Borrowing breach calculator.
 - Budgeting and forecasting templates.
 - More Guidance in Kiwipark 2021 release. [Schools annual report resources](https://www.education.govt.nz/schools-annual-report-resources)



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Questions





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