

8. SCHOOLS PAYMENTS – TRANS SYSTEM

1.1. This report is to inform Schools Forum of the changes we are making to the way in which:

- a) schools are communicated with in respect of funding
- b) schools are paid and
- c) the method through which payroll is deducted

1.2. Background

System:

- Barnet currently runs a system called TRANS that has been developed over the years and is run and understood by one member of staff only, a contractor who is leaving at the end of August
- The system is extremely complex and the reduced finance team numbers mean that it is no longer sustainable to operate
- COVID has amplified this due to increased costs and reduced income for LA's
- This system pays budget shares as confirmed by DFE and then also estimates the amounts schools will receive for grants which have not yet been confirmed and will pay schools this on a monthly basis and then reconcile once the actual is known
- The system tells schools how much they will receive (including estimates of grants) and is updated regularly and uploaded onto the website where schools can access it

Payroll:

- Currently we withhold circa 85% of the schools funding to use for payroll and at year end reconcile this and as a result either give schools more money or ask for money back depending on the outcome
- The scheme says we should instead be deducting actual payroll costs for schools from their monthly payments a month in arrears (eg deduct April payroll costs from May's budget share payment)

Approach:

- We have met with 4 other LA's to understand how they currently work with a view to potentially copying a system that has been tried and tested rather than designing one from scratch ourselves
- The LA's we met were Southwark, Barking, Haringey and Hackney

1.3. Conclusion

- Barnet are an outlier in the way in which we operate our schools finance function both in terms of the system we use, the way we pay schools and the way in which our payroll operates
- Barnet have significantly more schools than the other authorities we met but also have less finance staff
- Barnet provide more information for schools than the other LA's
- The system and payroll mechanism we run are time consuming
- The current way of doing things is unsustainable

1.4. System and Process Change

- Barnet to move towards other LA's way of working and replace TRANS with a simpler spreadsheet solution
- Budget shares will be paid as they currently are (no change)
- Pupil premium will be paid on an estimate and then adjusted for actuals when received (no change)
- Other grant payments will move from payments made in advance on an estimate before being reconciled when actuals are known and instead will be passported to schools as they are received. These payments are typically received quarterly but this is dictated by the DFE
- Schools will be informed of their budget at the beginning of the year based on known data and estimated grants- schools are responsible for checking the relevant DFE communication regarding actual grant payments due
- This change will go live as of 1st September 2020

1.5. Payroll Change

- We will move to following the current scheme of financing schools and pay schools their budget shares minus the cost of their previous months payroll
- All payroll queries to go to the payroll provider, Capita
- This change will also go live as of 1st September 2020

1.6. Other

- We have also met with a selection of Head Teachers and Schools Business Managers within Barnet to discuss this. Feedback from that discussion has been included within this document
- Prior to this meeting, we are also due to meet with the schools traded service to discuss the changes with them
- We will hold a briefing session in September once the new system is designed and live where we can demonstrate how it looks and works
- We understand that this may be an iterative process and will take on board feedback and act where necessary as the year progresses