

Financial Management at Campbells Bay School

Overview

The financial management of state schools is often in the news. A New Zealand Council for Educational Research Report (2004) showed that state schools in New Zealand required substantial amounts of non-government money to meet the expectations of their communities. Things have not changed much in the intervening years.

Schools depended a lot on the hard work and dedication of their staff, and the expertise available to them through their boards and financial and property advisors. They are also now dependent, for the most part, on the funds they are able to raise from sources other than their government funding.

(New Zealand Council for Educational Research Report: 2004)

This is no surprise to us, nor do we believe to those in our school community.

This has simply confirmed that many New Zealand schools raise substantial levels of local funds from non-government sources, principally from parents by way of donations, the work of the Friends of Campbells Bay School and through the enrolment of international students. Without these local funds (and this includes income from international students) the report found that most schools would make operating deficits if they did not reduce their expenditure. It is a reasonable assumption that, in the absence of current levels of local funds, schools would make cost reductions. Campbells Bay School, as you will see, receives a very significant income from our local community. It is important to acknowledge this.

Financial management is an exercise in decision-making, which should be focused on achieving the key task of the school – the delivery of the curriculum in a manner that optimises student achievement. The finances provided to the school by the Ministry of Education buy the professional services of staff and provide the environment and operational means for delivering a quality educational experience to our students. As a Board we have responsibility for the financial management of the school. Each year the Board reviews the school's strategic plan and then prepares an annual budget, reviews written policies and procedures, provides documentation for an audit trail while also monitoring expenditure against budget.

CBS Budget The Context

The budget is established very much with our strategic priorities for 2014 – 2017 in mind.

The four priority strands being:

- Ensure sustainable and strategic use of our resources
- Manage roll growth and school capacity
- Grow community and stakeholder relationships
- Maintain high quality and effective teaching and learning

So, what does the budget at CBS look like?

Teacher Salaries: First of all a great deal of the money to operate the school does not come to the Board. This pertains to teacher salaries (including the salary of the deputy principal, associate principal and the principal). As with all state schools, the school is centrally funded, meaning that the Ministry of Education payroll sub-contractor (Novopay) pays teacher salaries directly to the teachers. The Ministry also determines how many teachers we are entitled to each year, based on student numbers.

Operations Grant: Each year the Board receives an operational grant from the Ministry of Education. This grant is intended to provide for a great many budget needs. For example, most non-teaching members of the staff are paid from the operations grant. The operations grant pays for budgets such as postage, telephone, ground maintenance, building maintenance, administration (including newsletters, photocopying, medical supplies, paper and salaries), curriculum materials, teacher sick leave (when we need to employ a relief teacher), staff professional development needs, ACC levies, energy requirements (water and electricity), school cleaning and Auckland Council rates. This is but a small sample of budgets funded by the operations grant. The operations grant for 2015 was \$917,096.

Property Grant: Started in 2002, the Property Grant gives the school an amount of money every five years, thereby allowing the Board to have some assurance when planning for property needs. This grant is to be used for the maintenance of the school's infrastructure including everything from plumbing, drainage, electrical wiring, painting, flooring, exterior hard surface areas and the field. While the grant is not for new classrooms it covers most other property issues. With a school of this size these issues are often big and numerous. The property grant for the current five-year period (2011 – 2016) is \$801,379.

Special Education Grant (SEG) and Ongoing Resourcing Scheme (ORS): Each year the Board receives a set amount of money from the Ministry of Education to provide for the needs of students who have been identified as requiring special attention in terms of their educational needs. The total SEG and ORS income included in the Operations Grant and received from the Ministry of Education for 2015 was \$41,448. The vast majority of this money is used for teacher aides who work alongside students with particular needs. (SEG expenditure was \$97,767 + ORS/ACC students cost \$16,242). As you can see the Board of Trustees provides substantial funding on top of the funds made available from the Ministry of Education.

School Donations & Friends of Campbells Bay School Fundraising: In keeping with the findings of the report from the New Zealand Council for Educational Research (2004) our local community provides the school with substantial funding each year to supplement MoE funding. Funding from the Ministry of Education does not adequately provide for the level of resources that our community has rightfully come to expect from the school. Therefore the **\$31,260** from the Friends of Campbells Bay School (2015) and the **\$174,278** from voluntary donations (2015) go a long way to making up this shortfall.

International Students: Net income from international students last year was \$248,000 and that's a lot of sausage sizzles! NB: At present we have 30 international students at the school at the end of July 2016.

Some Budget Pressures

Schools are operating in an environment where many stakeholders have high and increasing expectations of what the school will provide. These increased expectations are creating additional financial pressures for schools.

A recurrent theme is that of financial pressures resulting from the adoption of information communication technology (ICT). The cost of meeting ICT across schools creates a big demand for money and CBS is no exception. Factors that contribute to the very expensive nature of ICT include:

- Purchasing ICT hardware and software.
- Set-up costs for cabling, air conditioning, switchboard upgrades etc.
- The cost of purchasing additional licences and Apps as new users are added.
- Increasing costs of monitoring larger, more sophisticated networks as support can no longer be provided by teachers with IT skills.
- The high rates at which ICT equipment depreciates and becomes redundant also ensure that there is a constant demand for updates.

There has been a noticeable, necessary and welcome shift in recent years to better identify and cater for the needs of students who cannot always be provided for all the time in the classroom. Such programmes have required expensive assessment programmes, personal, professional development and other resources such as space. The provisions of these learning programmes often cost the school more money than is received from the Ministry of Education as identified when we referred to SEG and ORS.

The Budget

The funding from our community of approximately **\$585,758**, when added to the **\$963,646** from the Ministry of Education, means that as a Board we have a much more realistic amount of money to establish and implement an annual budget. Without this support from our local community our budget would quite clearly be decimated. So, what do the numbers look like in some of the budget areas? Clearly we can't provide detail in human resource matters as that would breach fundamental issues of employee privacy. However, the following provides an indicative steer from the audited accounts of 2015. It should be noted that while the expenditure outlined below pertains to 2015 this expenditure must be seen in a larger context. For example, while spending \$3,501 on reading books might look unreasonably low, books are now by no means the only way of accessing print, while many books are provided by the Ministry of Education at no cost to the school.

Library (book purchases, software and materials) \$11,395

Art & Craft (materials) \$29,500

Mathematics (equipment) \$8,030

PE & Sport, including gymnastics (equipment and relieving teachers to replace class teachers when taking sport) \$17,225 (+ Sport Co-Ordinator)

Reading (Books) \$3,051

Waterwise \$15,500

Information Communication Technology \$66,260 (without staffing)

+ capital items \$137,817

Furniture replacement \$42,202

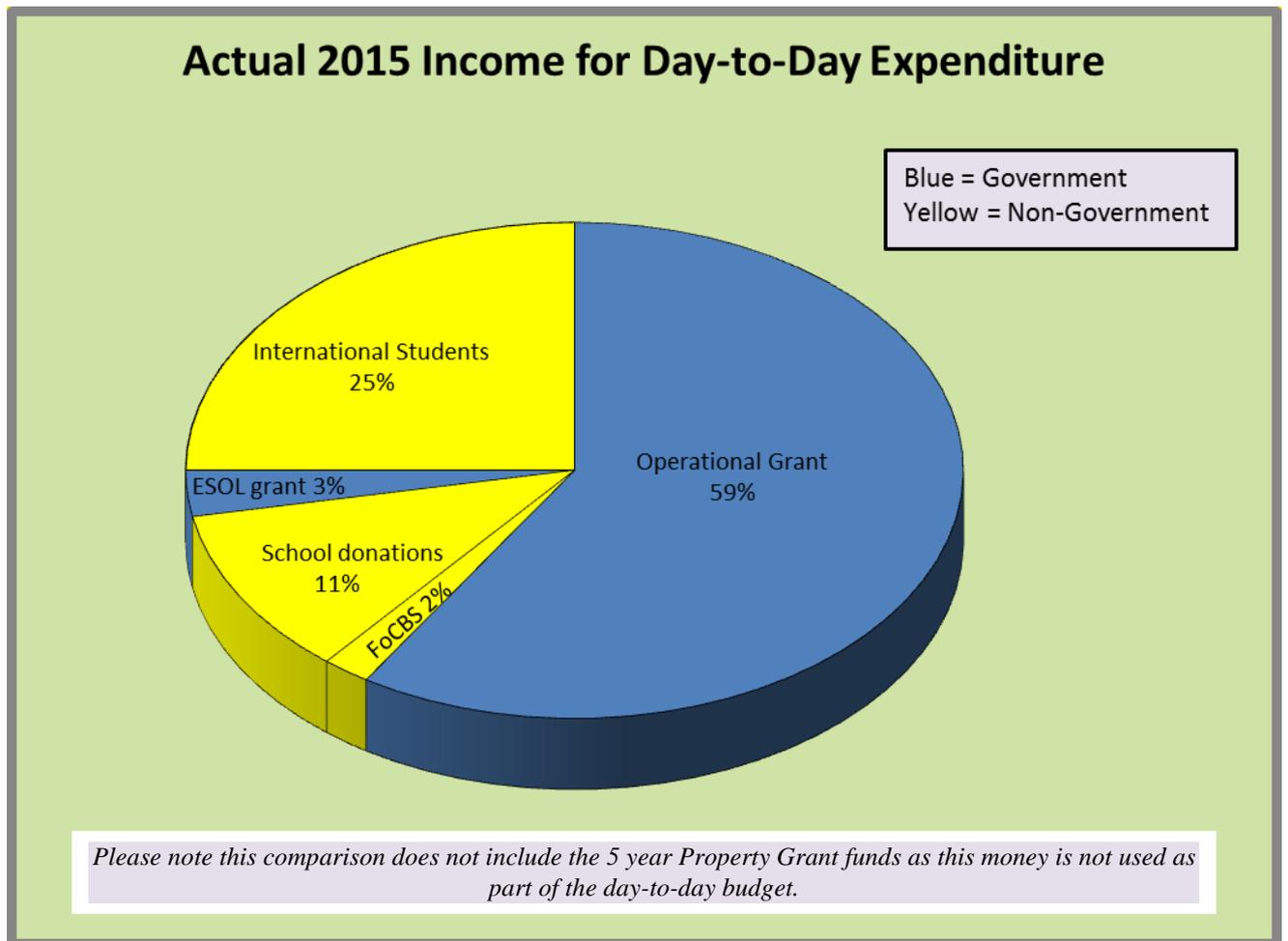
Photocopying / printing costs \$30,789

Maori \$14,544

Music \$9,057 (+\$19,375 human resource)

Technology / resources \$9,222

First aid materials \$2,468
 Insurance \$10,315
 Telephones \$4,954
 ACC Levy \$4,747
 Council water rates \$28,816
 Energy \$19,367
 Repairs and maintenance \$69,582
 Cleaning & materials and rubbish removal \$60,500



While class teachers provide differentiated programmes (programmes targeted to meeting individual needs) wherever possible Nikki Urlich, (Deputy Principal) oversees the school's commitment to meeting the needs of special ability and special needs students.

Income for special needs is less than expenditure for special needs. The school employs eight teacher aides to work with students who require special assistance. Income for 2015 was \$41,448 while expenditure was \$114,009. (This expenditure does not include the salary of teachers who work with students who have special needs.) The non-teacher budget shortfall is made up from the operations grant, which is in turn supplemented by income from our local community. English as Second Language (ESOL) income was \$46,550 while expenditure was \$59,764.

The Board has a preference of where possible, having measured student achievement, using its extra funds to employ people to help those students who need extra help rather than for big projects such as new swimming pools and the like, although we obviously do need to improve our physical resources to increase our capacity and to upgrade existing resources such as the new library learning hub and extend and refurbish the hall. While class sizes as such are not totally within the control of the school with respect to Ministry of Education funding formulas, the ability to measure results and apply the additional funds to individual students overcomes some of the funding restraints all schools face.

Locally Raised Funds

As already mentioned, locally raised funds (school donations, Friends of the School fundraising and international students) supplement the inadequate income from the Ministry of Education as well as helping to fund specific projects such as the establishment of shade sails, adventure playgrounds and improvements to the library.

In Summary

The Board's task is to best utilise both the human resources and the financial resources available to the Board to optimise student achievement. This requires constant monitoring and the regular review of the effectiveness of financial decisions. The challenge is to effectively manage the resources available in the best interests of student achievement to meet both immediate and strategic aims: A challenge that is not always easy (making too little resources go a long way). It is a constant task that requires continual review. Still, the results are often encouraging and sometimes even uplifting!

There are, of course, always dissenters – those who would like to see more or less spent in particular areas. We hope this report gives a greater understanding of how our financial decisions are made and the funds we have available. It is also important to understand that we are not permitted to interchange our expenditure – for instance we are not able to use money from the Property Grant for Special Education needs or vice versa.

In conclusion, we'd like to say thank you for your continued support. As you can see, the students at Campbells Bay School benefit enormously as a result of your support. With judicious financial management we hope to continue to make decisions that are in the best interest of all our students.

Campbells Bay School Board of Trustees

July 2016