



Briefing note: 2019 Deferred Banking Staffing Recoveries

To:	Hon Chris Hipkins, Minister of Education		
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Purpose of Report

The purpose of this paper is to provide you with an update on the recovery of schools' banking staffing overuse for 2019.

Recommendations

The Ministry of Education recommends you:

- a **note** that banking staffing recoveries deferred from July 2020 will be recovered from the January 2021 operational grant instalment

Noted

- b **note** all schools who currently have repayment plans in place will be honoured

Noted

- c **note** we will work with schools facing financial pressure or a recovery greater than 50% of their operational grant instalment for January 2021 to ensure they are not put at financial risk if the full banking staffing recovery is made

Noted

Summary

- In 2019, 567 schools overused their banking staffing entitlement, resulting in a proposed \$10.4 million recovery.
- In June 2020, you agreed to the deferral of the 2019 banking staffing recoveries from July 2020 to January 2021. This was communicated to schools via a letter uploaded to the School Data Portal.
- Of the 567 schools who overused their banking staffing for 2019, 550 have outstanding balances, with the remainder being repaid voluntarily.
- Recovery of the 2019 banking staffing overuse will be made from the January 2021 operational grant instalment.
- Communication of this recovery will be via letters loaded to the School Data Portal. School Finance Advisors will contact schools directly that may be at financial risk.
- Any further approvals for deferrals will be considered on a case by case basis.



Katrina Casey
Deputy Secretary
Sector Enablement and Support



Hon Chris Hipkins
Minister of Education

10 / 2 / 2021

Background

1. Banking staffing is the mechanism by which schools have flexibility over their staffing, they can choose not to use all of their entitlement immediately ("bank it") or anticipate it ("spend it").
2. At the end of the balancing period, the final banking staffing position for each school is determined and converted to a dollar value. There can be three different scenarios relating to the balancing period:
 - a. Overuse – recovered from the schools' July operational grant instalment. If a school is significantly "overdrawn", the recovery of funds may be spread over several quarters (with agreement from the Ministry); or
 - b. Underuse – payment made to the school for the unused staffing entitlement. This reimbursement is paid alongside the July operational grant instalment; or
 - c. Nil balance – no further processes are required as the schools usage equals their entitlement.

2019 Banking Staffing Recoveries

3. In 2019, 567 schools overused their staffing entitlements, resulting in a proposed \$10.4 million recovery.
4. In June 2020, you agreed to the deferral of banking staffing recoveries for 567 schools for six-months, to provide short term cash-flow relief for these schools.
5. All impacted schools were advised of the deferral of the 2019 banking staffing recoveries from July 2020 to January 2021, via a letter uploaded to the School Data Portal.
6. Of the 567 schools who overused their banking staffing for 2019, 550 have outstanding balances, with the remainder being repaid voluntarily.
7. The quarterly operational grant funding instalment for the 2021 year includes a payment for donation funding entitlements. Of the 550 schools where banking staffing recoveries are still outstanding, 360 schools will receive donation funding with their January 2021 operational grant instalment (approximately \$14 million).
8. All deferred recoveries will restart, with any agreed payment plans honoured. This means any deductions which were due to be deducted from the 1st July 2020 operational grant instalment will now be deducted from the 1st January 2021 instalment. Any schools with agreements in place for greater than one instalment will have their first deduction moved from 1 July 2020 to 1 January 2021 and any other deductions shifted to the following quarter/s.
9. For most schools where recovery is required, payment will be deducted across two quarters. Recoveries for 2019 will be fully recovered prior to commencement of any 2020 banking staffing recoveries with the exception of eight schools where payment plans are greater than two instalments
10. As this will impact many schools and final balances for the 2019 banking staffing period were provided back in April 2020, we will communicate with the affected schools through the School Data Portal.
11. Information on schools impacted by the banking staffing recoveries will be provided to the Education Directors. School Finance Advisors will contact schools where any existing repayment plans exist, any schools with known financial difficulties and schools where recoveries exceed 50% of their January 2021 operational grant instalment.
12. Any requests for further deferral of banking staffing recoveries will be assessed on a case by case basis, in line with our established process for banking staffing recoveries.

Proactive Release

13. We recommend that this Briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Proactively Released