



Herts for Learning is a not for profit company providing school improvement and business services. With over 500 shareholder schools, Herts for Learning is dedicated to improving standards of education in Hertfordshire and beyond.

[www.hertsforlearning.co.uk](http://www.hertsforlearning.co.uk)

 @HertsLearning

 Herts for Learning

 Herts for Learning

 [blog.hertsforlearning.co.uk](http://blog.hertsforlearning.co.uk)

# Focus on Finance Improving your financial performance



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Focus of today

1. The Financial Picture
2. Key messages on managing your financial challenges
3. The role of Governors in driving financial efficiency and achieving sustained financial health – approaches and techniques
4. Lessons from case studies



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Focus of today

## 1. The Financial Picture

2. Key messages on managing your financial challenges
3. The role of Governors in driving financial efficiency and achieving sustained financial health – approaches and techniques
4. Lessons from case studies



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# The Financial picture

- National Funding Formula
- Implementation of Soft NFF from April 18
- Local authorities in consultation with their Schools Forum have power to decide how to implement NFF at school level
- Hertfordshire County Council decision not to implement hard NFF at school level ( subject to Council processes)
- What does this mean for your schools?
- The values the DfE has shared with schools on indicative funding under NFF unlikely to happen for several years
- Schools rapidly drawing down on reserves
- End of Education Services Grant and funding school improvement



# The financial picture

- The School Budget Setting process currently underway
- Decisions will be made at the January Schools Forum meeting and will be recommended to the County Council
- Current decision made to apply 0.5% increase across all pupil led factors for years R to years 11
- Still further decisions to be made on the balance of the funding



# The Financial Picture

- Children Looked after – funding may move to pupil premium
- Sports Premium increase



# The Financial Picture

- Many pressures in the system – “known unknowns”
- Recruitment is a big issue – 1% pay cap has been taken off public sector pay for difficult to recruit areas – will teachers be in this group?
- Local Government pay also in negotiation in the Spring/ summer of 2018.
- What will be the impact of the living wage on local government pay and contracts which involve high levels of labour - cleaning contracts, grounds maintenance?
- Teachers pensions employers contribution end of discount . Possibly 3% on teachers pay cost from April 2019
- Use of carry forward being removed
- End of Education Services Grant
- Funding of school improvement support – MAT top slice or de-delegation.





# The Health of Hertfordshire Schools

- Predicted 34% drop in overall school balances from March 2017 to March 2018



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Focus of today

1. The Financial Picture
2. **Key messages on managing your financial challenges**
3. The role of Governors in driving financial efficiency and achieving sustained financial health – approaches and techniques
4. Lessons from case studies



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# What happens if you build a beautiful house on bad foundations?



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Key messages on managing your financial position

- We have to make our schools financially more efficient without impacting the outcomes for the pupils who are at the centre of all we do .
- Getting the balance right is one of the great challenges for schools
- The DfE is taking serious action with multi academy trusts and single academies who are in financial difficulty-Efficiency advisers for academies in financial difficulties



# What can we do?



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# We can get cross!



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# We can pray



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# We can hope for the best!



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd





Or we can make sure we are as financially fit as possible !



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Focus of today

1. The Financial Picture
2. Key messages on managing your financial challenges
3. The role of Governors in driving financial efficiency and achieving sustained financial health – approaches and techniques
4. Lessons from case studies



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# What can you do?

- We are all here to support our pupils to achieve their full potential, ensure their safety and well being , give a full and enriched experience at school
- This means both today's pupils and tomorrow's
- We are custodians of our schools – what will be our legacy?



# The crucial role of Governors

- Committed
- Confident
- Curious
- Challenging
- Critical
- Creative
- Collaborative

# What approaches can we use?

- Effective financial scrutiny has never been more important.

# What is financial scrutiny and overview?

Done well these two approaches can significantly improve financial performance and increase the chances of your school achieving a strong sustainable future.

What do these two terms mean?

- **Scrutiny** - seeking and using evidence to hold the school executive leaders to account for their decisions on the allocation of resources.
- **Overview** – a review of the school's short and medium term plans to ensure that they are robust and have considered all risks and opportunities facing the school



# Why is effective financial scrutiny important?

1. To ensure that there is a clear link between the financial plan and strategic aims and priorities
2. To provide a reality check on the financial plans of your school
3. Challenging how your school uses its funding and seeking evidence for impact
4. Testing whether the school is achieving value for money and is using resources to achieve its priorities.
5. Schools increasingly responsible for own self regulation and improvement and therefore Governors play a critical role in holding executive leaders to account.



# How ?

- Review
  - Investigate
  - Resolve
- 
- Balancing educational and financial outcomes in a way that works for your school





# Key principles of resource allocation

- Independent support and challenge ;

**Inputs** - what resources are being used to achieve the targets of the school – staff and resources needed to run the school. The lower the costs to achieve the target the more efficient the school is. **Best Value**

**Processes** – the way in which the school deploys its staff and financial resources to deliver the aims of the school e.g. class sizes, teacher contact time.

**Outputs** – what does the school deliver for its pupils, its communities and its staff through the way its does things

**Outcomes** – what are the improvements generated by the way the school has delivered . What is **achieved?**



# Important scrutiny tasks of school's financial affairs

- Reviewing draft medium term financial plans to challenge the forecasts, affordability, risks and the feasibility of the plans
- Keeping an overview of things that can impact general management of resources - procurement procedures, recruitment and retention
- What are the school's priorities - have they been costed – does the financial plan reflect these?



# Scrutiny of the budget

- Does the budget match and support the priorities of the school?
- Remember that by agreeing the budget you will be agreeing those spending plans

Does the budget have sufficient notes and information for you to understand what is included in each line?

- How will the outcomes / outputs of each of those budget lines be measured?
- What assumptions have been made about the income?
- What are the opportunities to generate more income?
- What timetable do you need to effectively scrutinise the budget?



# Scrutiny of budget monitors

When you scrutinise a budget monitor you need to establish

1. Is the expenditure delivering the objectives /school plan set out by the leaders of the school?
2. Do you know the reason for overspends or underspends ?
3. What impact will these underspends and overspends have on the future plans and outcomes for the school?
4. How do you get the full picture of the performance?



# Types of questions

- **Evidence of outcomes** – pupil progress data
- **Maximising resources** in areas where focus on pupil outcomes and finding efficiencies in areas that do not.
- **Benchmarking** – why are your staff numbers higher / lower than other schools – what is the impact?
- **Techniques** to use – what is mandatory, core and optional?



# Key drivers for efficiency

- Financial Planning based on educational outcomes
- Effective deployment of staff –organisation structure with clear roles and job descriptions.
- Strategic financial planning
- Reducing spend on non pay costs
- Robust challenge by financially skilled senior leaders and Governing Bodies
- Transparent financial systems and processes which support constructive challenge
- Up Skilling staff to manage resources
- Maximising uses of resources on improving outcomes for pupils
- Very useful document
- <https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors>



# Evidence of outcomes

- 1. Attainment and progress data
- 2. Quality assurance – Ofsted Judgements, Audit
- 3. Attendance & exclusions
- 4. Safeguarding, well being
- 5. Parents and community
- 6. Financial health and efficiency
- 7. Compliance and Governance
- 8. Human resources
- 9. Specific targets for school – local context



# Evidence of outcomes

- Are you clear on the position of your school?
- Ofsted
- Pupil progress/ exam results
- Attainment of disadvantaged pupils
- Financial position now and going forward?





# Focus of today

1. The Financial Picture
2. Key messages on managing your financial challenges
3. The role of Governors in driving financial efficiency and achieving sustained financial health – approaches and techniques
4. **Lessons from case studies**



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd



# Lessons learned

- Establish the facts about where the school is?
- Early action absolutely critical
- Clear organisation structures – clarity of purpose of each role, TLRs
- Clarity of purpose of school activities – Mandatory, core or optional?
- Enable clear decision making and accountability
- Zero based budgeting – question all spend and justify in terms of outcomes
- Link outcomes to budgets with budget holders responsible for both spend and outcomes. “Responsibility accounting”
- Effective partnership between Governing Body and SLT of schools
- Commitment accounting – Each budget has a manager?
- Strong budget management culture
- Focus on attracting new pupils
- Seeking economies of scale



# Lessons learned

- Regular timely information to enable challenge.
- Fully integrated financial and curriculum plan - finance plans focussed on curriculum plan
- Effective partnership between Governing Body and SLT of schools
- Commitment accounting – Each budget has a manager?
- Strong budget management culture
- Focus on attracting new pupils
- Seeking economies of scale
- Regular timely information to enable challenge.
- Fully integrated financial and curriculum plan - finance plans focussed on curriculum plan



# Final thoughts

- Many pressures
- Many risks but opportunities
- Financial fitness is not just about saving money but about focus and purpose of resources
- Act early!

# Thank you

Cheryl Faint Head of Financial Service

[Cheryl.faint@hertsforlearning.co.uk](mailto:Cheryl.faint@hertsforlearning.co.uk)



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd





This presentation was brought to you by Herts for Learning.

---

To find out about other Herts for Learning training courses or events please visit: [www.hertsforlearning.co.uk/booking](http://www.hertsforlearning.co.uk/booking)

Visit our online shop to order additional resources at [shop.hertsforlearning.co.uk](http://shop.hertsforlearning.co.uk)



**Financial Services**

THE BUSINESS OF EDUCATION

© Herts for Learning Ltd





For more information about Herts for Learning products and services, please visit [hertsforlearning.co.uk](https://hertsforlearning.co.uk)

Visit the website for all the latest news and views from Herts for Learning and to subscribe to The Exchange, Herts for Learning's half-termly publication for schools.

Herts for Learning looks forward to welcoming you to forthcoming events

## Join the conversation

 @HertsLearning

 Herts for Learning

 Herts for Learning

 [blog.hertsforlearning.co.uk](https://blog.hertsforlearning.co.uk)