

# Getting started in financial governance

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#bettertrustboards

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Code: BDD2019

# Financial governance: board effectiveness

## Why?

All trust boards, no matter what type of schools or how many schools they govern, have three core functions:

- ensuring clarity of vision, ethos and strategic direction
- holding executive leaders to account for the **educational performance of the organisation and its pupils**, and the performance management of staff
- **overseeing and ensuring effective financial performance.**



# Whose responsibility?

Everyone on the board must... *'ensure that the organisation is in a strong and sustainable financial position to achieve its strategic goals. It is about ensuring the sustained financial health and efficiency of the whole organisation.'* p16

Everyone on the board must... *'be rigorous in their questioning to understand whether enough is being done to drive financial efficiency and align budgets to priorities.'* p17

Trustees must understand the [Academies Financial Handbook](#) which set out duties in relation to financial governance and oversight.

# Sharing expertise

If you have financial skills

- *Share your knowledge with board colleagues*
- *Help them to translate and process financial information*
- *Help them to focus on the right things*

# Balance

It's a fine balance between school improvement/educational priorities and financial sustainability.....make sure you understand the links, the relationship and how a decision on one side impacts the other.

# Long term financial sustainability

Have 3 to 5 year financial plan.....*with solid assumptions, even probability-adjusted scenarios...*

Even if the road ahead is uncertain or changing  
.....*with a robust and adaptable plan linked to school improvement, navigation will be that much easier...and will help to map out how to achieve financial sustainability*

# What's under the bonnet?

Funding and a balanced budget  
*uncertainty and managing finances*

Reporting at a trust level  
*to enable executive and trustees to  
manage financial performance*

Central vs decentralisation  
and levels of standardisation  
*what is the right balance*

Financial control, external and internal audit  
*control framework and the role of audit*

# What's under the bonnet?

## Integrated curriculum and financial planning

An approach to financial planning that combines curriculum design with a sustainable budget.

It aids in understanding the most efficient use of resources, through key metrics and benchmarking.

*The Academy Financial Handbook 2019 page 19 says ' Boards are encouraged to take an integrated approach to curriculum and financial planning. Boards should also refer to DfE's material on improving school resource management..... '*



# School resource management self-assessment dashboard

## A. Information about your school

<b>School name:</b>	Primary School Example		
<b>Phase:</b>	<b>Region:</b>	<b>Number of pupils:</b>	<b>Percentage of pupils eligible for FSM:</b>
Primary	South West	400	50.0%

Your school

Rating against thresholds

## B. Your spending as a percentage of total expenditure

	<a href="#">Guidance</a>	Your school	Rating against thresholds
Spend on <b>teaching staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>	54.8%	Highest 10% of similar schools
Spend on <b>supply staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>	0.9%	Broadly in line with similar schools
Spend on <b>education support staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>	16.4%	Broadly in line with similar schools
Spend on <b>administrative and clerical staff</b> as a percentage of total expenditure	<a href="#">Guidance</a>	5.3%	Broadly in line with similar schools
Spend on <b>other staff costs</b> as a percentage of total expenditure	<a href="#">Guidance</a>	3.7%	Broadly in line with similar schools
Spend on <b>premises (including staff costs)</b> as a percentage of total expenditure	<a href="#">Guidance</a>	7.1%	Highest 20% of similar schools
Spend on <b>teaching resources</b> as a percentage of total expenditure	<a href="#">Guidance</a>	3.0%	Lowest 20% of similar schools
Spend on <b>energy</b> as a percentage of total expenditure	<a href="#">Guidance</a>	2.7%	Highest 10% of similar schools
Other spending as a percentage of total expenditure (balancing line)	<a href="#">Guidance</a>	6.2%	N/A

## C. Reserves / balances as a percentage of total income

	<a href="#">Guidance</a>	Your school	Rating against thresholds
In-year balance as a percentage of total income	<a href="#">Guidance</a>	-1.9%	Medium risk
Revenue reserve as a percentage of total income	<a href="#">Guidance</a>	0.0%	Low risk

## D. School characteristics

	<a href="#">Guidance</a>	Your school	Rating against thresholds
Average teacher cost (£)	<a href="#">Guidance</a>	£52,174	Highest 20% of similar schools
Senior leaders as a percentage of workforce	<a href="#">Guidance</a>	8.3%	Broadly in line with similar schools
Pupil to teacher ratio	<a href="#">Guidance</a>	17.4	Lowest 20% of similar schools
Pupil to adult ratio	<a href="#">Guidance</a>	8.3	Middle 20% of similar schools
Teacher contact ratio (less than 1.0)	<a href="#">Guidance</a>	0.70	Much lower than recommended
Predicted percentage pupil number change in 3-5 years	<a href="#">Guidance</a>	10.0%	Low risk
Average class size	<a href="#">Guidance</a>	25.0	Lowest 20% of similar schools

## E. Outcomes

	<a href="#">Guidance</a>	Your school	Rating against thresholds
Ofsted rating	<a href="#">Guidance</a>	RI	Requires Improvement (RI)
Progress score in reading	<a href="#">Guidance</a>	-2.0	Below average
Progress score in writing	<a href="#">Guidance</a>	1.5	Average or above average
Progress score in maths	<a href="#">Guidance</a>	-0.3	Below average

# Useful links

The DfE recommends trusts refer to the top 10 planning checks for governors

[School Resource Management Top 10 Planning Check For Governors](#)

A video illustrating how school leaders can achieve greater financial efficiency by considering the budget when planning the curriculum: [Improving Financial Efficiency with Curriculum Planning](#)

DfE have promoted that schools and trusts use [School Resource Management Self Assessment Tool](#)

School efficiency metrics comparing school performance with funding received

[School Financial Efficiency Metric Tool](#)

Harness the DfE's buying deals

[Deals for Schools](#)

[Academies Financial Handbook 2019](#)

# Thank you

## Questions for the panel

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