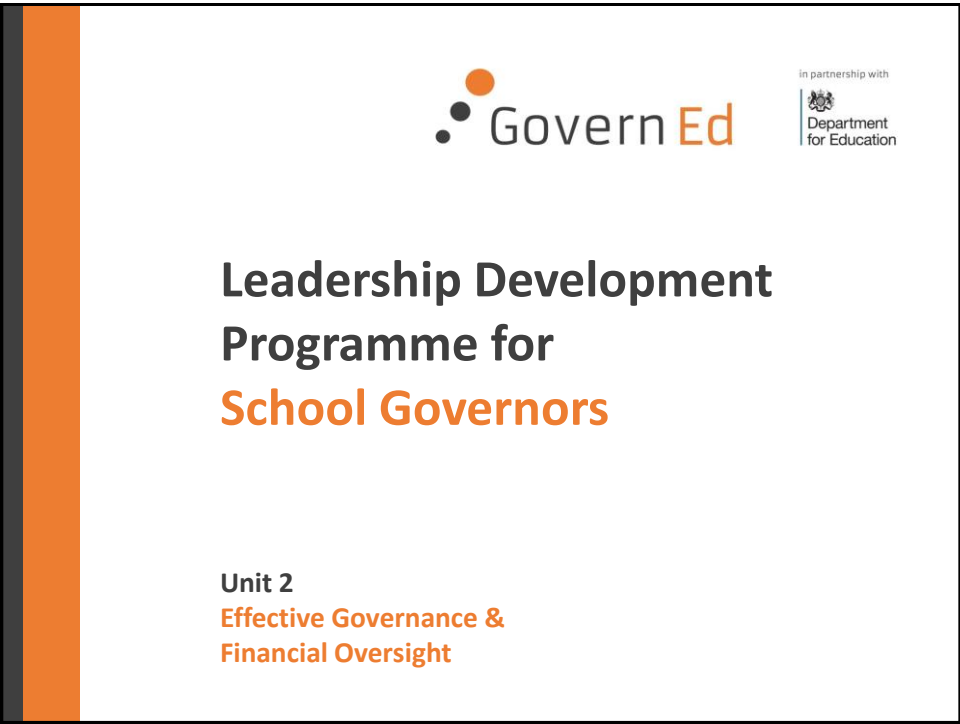




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2

Welcome!

Workshop 2

Effective Governance & Financial Oversight

- Financial frameworks and accountability
- Financial management and monitoring
- Financial benchmarking for schools
- Risk management
- Statutory and contractual compliance
- Safeguarding
- Being the employer of choice
- Building an effective governance team

Quick question:

What's the most significant financial challenge facing your school?

**National Funding
Formula**

National schools funding

Schools budget in cash terms:

2017/18	£41 billion
2018/19	£42.4 billion
2019/20	£43.5 billion

However, school budgets are under pressure due to:

- Growing and additional costs (pay award, pensions, apprenticeship levy etc)
- Inflation
- Rising pupil numbers, meaning that per pupil funding is being squeezed

National Funding Formula

Aims to address the inequalities between local authority areas – some schools are funded very differently to others with identical characteristics.

- ‘Soft’ formula in 2018/19, 2019/20 and 2020/21 with money being passed to local authorities who distribute it between schools.
- Governors need to check whether their LA is passing on core components of the NFF – around 40 passed on in full for 2018/19.
- ‘Hard’ formula from 2021/22 with money going directly to each school.

National Funding Formula

Key features:

- Minimum per pupil funding guarantee – from 2019/20 at least £4,800 per secondary pupil and £3,500 per primary pupil.
- A **cash** increase for every school – at least 1% in 2019/20 compared to the baseline.
- Gains capped at 3% per pupil in 2018/19 and 2019/20 (although the minimum per pupil guarantee is not subject to this cap).
- A separate high needs formula to allocate funding to LAs to support children with SEND.

Winners and losers?

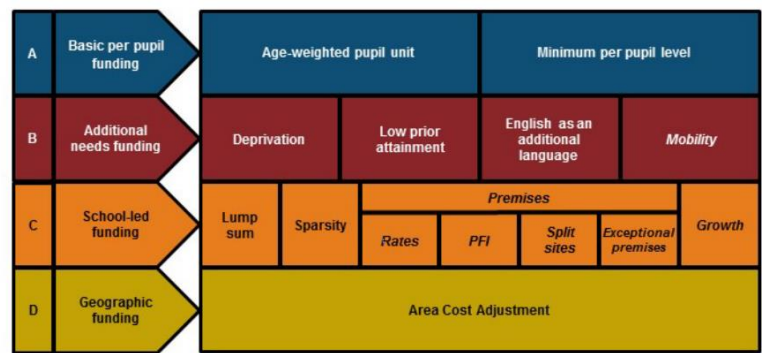
The largest gains are likely to be seen by:

- Schools in areas with historically low levels of funding
- Schools with low prior attainment
- Schools with pupils living in areas with above average levels of disadvantage but who have not benefited from historic funding decisions regarding deprivation
- Small rural schools

The schools who do less well are likely to be:

- Schools in inner London and some urban areas which have benefited from historic funding decisions
- Schools in London more generally given the way labour costs have been factored in

How is the NFF calculated?



Financial frameworks and accountability

Schools Financial Value Standard (SFVS)

- New format for 19/20 – Excel file
- More focus on analysing the data

- 29 questions
- Suggests reviewing the budget 6 times a year
- Incorporates RAG rating using benchmarking data



Introduction to the schools financial value standard (SFVS)	
<p>The schools financial value standard helps to provide schools with assurance that they are meeting the basic standards necessary to achieve a good level of financial health and resource management.</p> <p>The tool can be used to identify possible areas for change to ensure that resources are being used to support high-quality teaching and the best education outcomes for pupils. The tool is in two parts:</p> <ol style="list-style-type: none"> 1. A checklist, which asks a number of questions of governing bodies in six areas of resource management to provide assurance that the school is managing its resources effectively. 2. A dashboard, which shows how a school's data compares to thresholds on a range of statistics that have been identified as indicators for good resource management and outcomes. 	
Outcome of schools financial value standard (SFVS)	
<p>Summary of agreed action and timetable for reporting back:</p> <p>(enter text)</p>	
Signature:	Chair of governing body / management comm
Full name of signatory:	
Date SFVS agreed by full governing body / management commit	
Introduction and outcomes Checklist Dashboard Optional - input raw data RAG rating data for your school RAG rating data for all schools	

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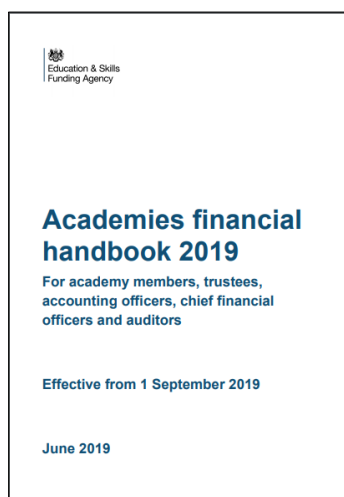
Academies Financial Handbook (AFH)

Compliance is a requirement of academy funding agreements.

It describes the financial responsibilities of academies reflecting their status as companies limited by guarantee, exempt charities and public bodies.

Sets out financial, audit and other requirements for academies.

New for 2019: Requirements to record internal scrutiny and report findings to ESFA annually



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SFVS / AFH: common themes

- **Skills** – executive and governance
- **Financial oversight** – finance committee or lead governor? Reporting to the whole Board (6 times a year – requirement for academies, recommended for maintained schools)
- **Audit and internal controls, scrutiny and transparency** – are your systems robust to minimise the risk of error or fraud?
- **Risk management** – the Board should review the risk register
- **Business continuity planning**
- **Declaration of business interests and related party transactions** – new rules for academies from 2019

Financial management and monitoring

Good financial practice

1. Education based financial planning – closely linked to educational outcomes and not a bolt-on consideration
2. Strategic financial planning for 3-5 years based on your strategic priorities
3. Effective and efficient deployment of staff
4. Limited spend on back office and procurement
5. Robust challenge from skilled Governors and Heads
6. Skilled staff responsible for financial management
7. Transparent financial systems and processes which encourage constructive challenge



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Use of resources

A school can have a balanced budget but not use its resources effectively and vice versa.

Things for Governors to think about:

- The DfE has negotiated national deals with suppliers on some of the things schools buy regularly – such as energy, multi-function devices, software licensing. Have you reviewed them?
- Have you fully explored opportunities to share resources with neighbouring schools?
- Accountability for Pupil Premium, Sports Premium
- Do you need to commission an external financial health check?



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Integrated Curriculum & Financial Planning

What is ICFP?

- Basic principles for a more joined up strategic approach to planning and organising teaching staff – a school's biggest cost.
- It is an approach which is curriculum-led and data-informed.
- There are many models/tools to choose from – use the one which works for your context and vision.
- It's not a new approach but, done well, can help design an affordable curriculum that meets students' needs.
- ICFP is only one part of effective school resource management.

Key characteristics

Integrated Curriculum & Financial Planning involves:

- Establishing a strategic plan looking several years ahead
- Identifying a curriculum to meet pupils' needs based on an understanding of the educational data
- Refining this through whole-team discussion, including finance professionals
- Making decisions that are informed by data – use the 10 financial planning checks for Governors
- Benchmarking spending against similar schools
- Re-iterating until there is a good curriculum that is affordable

Financial planning checks for Governors

10 financial planning checks

1. Staff pay as percentage of total expenditure

The largest area of expenditure – typically between 70% and 80% of a school's budget. Compare staffing spend with other schools and consider the relationship between staffing costs and pupil outcomes.

2. Average teacher cost (teaching costs / FTE teachers)

If average teacher cost is high, is this because of the staffing profile and/or number of UPS teachers? Have you reviewed the Teaching & Learning Responsibility (TLR) payments structure recently?

3. Pupil to teacher ratio (number of pupils / FTE teachers)

Consider how the ratio compares between curriculum areas or with other similar schools.

10 financial planning checks

4. Class sizes

Are class size plans affordable? Are there curriculum options which are unsustainable and how does this fit with a broad and balanced curriculum? Research suggests little link between smaller classes sizes and educational outcomes

5. Teacher contact ratio (number of teaching periods timetabled / number of possible teaching periods)

Particularly in secondaries, are curriculum plans and timetables being written with use of resources in mind?

6. Budget spent on SLT

Comparisons can be difficult especially if there are major improvements needed which need leadership capacity, but it is worth checking your structure against similar schools.

10 financial planning checks

7. Budget forecast for 3+ years

Review financial projections and the assumptions used to create them. Consider what actions you need to put in place now to address future deficits

8. School Improvement Plan priorities

Financial and educational planning should be linked. Consider whether SIP initiatives are fully costed and if you have evaluated the impact of previous spending.

9. Non-pay spend per pupil

Use the financial benchmarking tool to compare spend per pupil on premises, energy, supplies, ICT etc. If costs are high, do you know why?

10. Contracts

Ensure you have a contracts register and take opportunities to retender contracts. Consider whether you can work with other schools with procurement.

Financial benchmarking

School efficiency metric tool

Online tool to help schools understand whether they could improve their efficiency relative to other schools. It compares pupil progress and funding per pupil, relative to statistically similar schools.

NOTE: This is not continuing and only contains 2016/17 data

<https://www.gov.uk/government/publications/schools-financial-efficiency-metric-tool>



Primary School Efficiency Metric tool based on the 2016/17 school year
October 2016

Department for Education

Check how well your school uses its funding to improve pupil progress

See how your school scores compared to similar schools.
Your score is based on:

- pupil progress (an average of Reading, Writing and Maths progress scores)
- pupil intake
- funding per pupil

Only mainstream maintained schools and academies can use this.

Start >

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Financial benchmarking

A new and improved benchmarking service was launched in July 2017

<https://schools-financial-benchmarking.service.gov.uk/>

- Maintained schools and academies can view their performance data and spending levels
- Comparisons can be made with schools you know or with a 'similar schools' group nationally which have similar characteristics (deprivation, SEN etc) to yours
- The benchmarking website is a prompt for further discussion and investigation



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Activity
Financial benchmarking for schools

**Refreshments
and networking**

Risk management

Risk management

- Boards are responsible for setting and managing risk appetite and tolerance.
- Risk is not automatically a bad thing – but unknown and/or unmanaged risk usually is.
- Risks should be closely aligned with strategic priorities and improvement plans – you may be more likely to accept a higher level of risk to achieve an important priority.
- The impact and probability of risks occurring does change over time.
- The school should have a risk register which is reviewed at least annually by the Board.

Identifying risks

Strategic Risks

(political, economic, social, technological, legislative, environmental, competitive, customer)

Examples: changes in Government policy, financial pressures, falling pupil numbers, quality of teaching or facilities, changing demographics, a new school opening nearby, poor exam results, parental perceptions and reputation.

Operational Risks

(professional, legal, physical, contractual, technological, environmental)

Examples: quality of education, pupil welfare, health & safety, compliance, staffing, IT failure.

Risk management principles

Step 1 – Identify

What are the risks for your school?

Are they strategic risks or operational risks?

Step 2 – Analyse

What is the likelihood of each risk occurring?

What would be the consequence of each risk occurring?

Step 3 – Evaluate or Rank

Combination of likelihood and consequence.

Step 4 – Treat

Actions to minimise, avoid, transfer or mitigate the highest risks.

Step 5 – Monitor and Review

Use your risk register to monitor, track and review risks.

Risk management matrix

I m p a c t (y)	Extreme/ catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Highly probable
			Likelihood (x)				

Statutory Compliance

Statutory compliance

- Governors should be aware of and adhere to responsibilities under education legislation and, where appropriate, charity and company law.
Further reading: DfE Governors Handbook (currently Chapter 6)
- Monitoring of the school's legal responsibilities for:
 - Safeguarding and pupil welfare
 - Inclusion
 - SEND
 - Looked After Children (LAC)
 - Admissions
 - Curriculum – national curriculum, SMSC, British Values, SRE, physical education and sport, RE, Collective Worship, PHSE, Careers guidance, EYFS, Post 16, Assessment
- Monitoring and oversight of the use and impact of Pupil Premium and other targeted income streams, like Sports Premium or Year 7 catch-up
- Parental complaints
- Whistleblowing

Statutory compliance

- Staffing and performance management
 - Adherence to responsibilities under the Equality Act and the promotion of equality and diversity throughout the school, including the Board's own work
 - Compliance with school staffing regulations – appointment, conduct, suspension, dismissal and grievances
 - Compliance with safer recruitment and safeguarding regulations
 - Appointment of an executive leader
 - Support of Newly Qualified Teachers (NQTs)
 - Appraisal and performance management
 - Pay and Conditions
- Financial regulations
- School Premises
- GDPR, Data Protection, FOI and school website
- Statutory Policies
- Academies: adherence to the Trust's Articles of Association and Scheme of Delegation

Statutory Policies

- See [https:// www.gov.uk/government/publications/statutory-policies-for-schools](https://www.gov.uk/government/publications/statutory-policies-for-schools) for a full list of all statutory policies. (recently updated) Below are the main statutory policies:

Accessibility Plan	Capability of staff
Administering medicines in school	Teacher appraisal
Admissions Policy	Teacher pay
Behaviour and Discipline Policy	Staff discipline, conduct and grievance
Behaviour Principles Written Statement	Procedures for dealing with allegations of abuse against staff
Charging & Remissions Policy	
Child Protection Policy & Procedures	Governance Allowances
Complaints Procedure	Instrument of Governance
Data Protection and FOI	Register of Business Interests
Equality Policy	
EYFS Policy	Protection of biometric information of children
Health,Safety and Wellbeing Policy	Newly qualified teachers
Home School Agreement	Children with health needs who cannot attend school
Intimate care policy	Designated teacher for looked-after and previously looked-after children
SEND Offer	School Exclusion
SEND Policy	First Aid in schools
Sex & Relationships Education Policy (SRE)	Careers Guidance
Supporting pupils with medical conditions	

- Use a compliance calendar to plan your compliance monitoring



Safeguarding: Governors’ role



Safeguarding

- KCSIE is statutory guidance, so schools and Boards must have regard to it
- Safeguarding and promoting the welfare of children is defined for the purposes of this guidance as:
 - protecting children from maltreatment;
 - preventing impairment of children's health or development;
 - ensuring that children grow up in circumstances consistent with the provision of safe and effective care; and
 - taking action to enable all children to have the best outcomes
- Governors have an oversight, leadership policy setting and monitoring role
- The management of safeguarding issues or individual cases is for executive leaders
- Regular training required for Governors

 Department for Education

Keeping children safe in education

Statutory guidance for schools and colleges

Part one: Information for all school and college staff

September 2019

Issues to consider

- Abuse - physical, emotional, sexual
- Neglect
- Children going missing from education
- Implications of social media
- Extremism, radicalisation and the Prevent duty
- Gangs, drugs, alcohol and 'County Lines'
- Modern slavery, trafficking, forced marriages and exploitation
- Female Genital Mutilation
- Mental health and self-harm
- Safer recruitment and potential risks to children from adults within the school
- Child to child abuse – bullying, sexting, cyberbullying, physical abuse, initiation, sexual harassment, sexual violence and up-skirting
- School security

Governors' role

- **Oversight:** Boards should have oversight of safeguarding within the school and ensure there is an appropriate culture and compliance with requirements.
- **Leadership:** Boards must ensure a designated safeguarding lead has been appointed from the senior leadership team to manage safeguarding issues. A Lead Safeguarding Governor must be appointed.
- **Policy setting:** Boards must ensure there is an effective child protection policy describing the school's procedures and how it works with other agencies. It should be updated after the publication of KCSIE.
- **Monitoring:** there should be regular reporting to Governors. Boards should consider safeguarding and child protection issues at a strategic level and understand any local community issues.

Monitoring safeguarding

Governors should monitor the following:

- Number of referrals made and broad types of referral
- Number of pupils subject to a Child Protection Plan
- Attendance and exclusions data

Consider the use of anonymised case studies to help the Board understand the type of safeguarding issues in your school.

The Lead Governor should:

- Check the school is compliant with statutory guidance – and ask for evidence, especially about consistency of systems across the school
- Ensure the Single Central Record is up to date

An employer of choice?

An employer of choice?

- Recruitment and retention of great staff is becoming harder in schools – fewer teachers entering the profession, more leaving earlier and large numbers of Headteachers due to retire in the next 5 years
- The current generation of graduates is motivated by a strong ‘sense of purpose’ – in a highly competitive jobs market, the strength and persuasiveness of your vision for children is fundamental to attract the best talent
- **Recruitment** – does your marketing capture the imagination and reflect the things which matter to potential staff?
- **Retention** – think about how vision translates into the day to day working lives of staff – are they inspired and encouraged to focus on the things that matter? Do you offer CPD and opportunities staff can’t get elsewhere? What career development opportunities do you offer? Do you monitor staff wellbeing and listen to their views?

Teacher workload

- Boards should have regard to the principles and recommendations in recent independent reports about removing unnecessary workload in relation to:
 - Marking
 - Planning and resources
 - Data management
- Challenge from Governors can make a difference in this area, by surveying staff, reviewing policies and practices and to ensure senior leaders are not being overly 'cautious' in maintaining unnecessary requirements on staff
- Governors should also be mindful of the workload demands we create for staff (attending meetings, producing information etc) and ensure it has impact
- Governors should consider the work-life balance of the headteacher
- The DfE have created a toolkit of resources to help schools and governing boards address workload concerns:
<https://www.gov.uk/government/collections/workload-reduction-toolkit>

Staffing responsibilities

Boards should:

- Establish a selection panel to appoint a Headteacher or Deputy Headteacher
- Ensure Headteachers benefit from statutory entitlements and comply with duties imposed on them in the Pay & Conditions Document, e.g. Leadership time, PPA time (if teaching)
- Performance manage the Headteacher and know how staff performance management is used in line with strategic priorities and the school's appraisal policy
- Establish procedures for the conduct of staff and make sure that safer recruitment procedures are in place
- Ensure leadership and staffing structures are fit for purpose and affordable

Effective governance

Quick question:

**How many hours a year does
your full board formally meet
(FGB meetings)?**

How to ensure your board is having an impact

- Stay strategic:
 - Set and uphold the vision, ethos & strategic direction
 - Hold the school executive to account
 - Spend money wisely
- Know your school well and use data wisely
- Ensure the School Self-evaluation and School Development Plan are fit for purpose
- Have an agreed school improvement cycle
- Have the right people round the table
- Use your time effectively – make meetings work
- Be organised – plan, divide and conquer!
- Self review regularly



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Good Meeting Management

- **Have an annual action/meeting plan**, which includes:
 - Dates and times of meetings
 - Statutory compliance activities (including policies)
 - Key topics for discussion for the year
- **Organise meetings to be effective:**
 - Focus on strategic discussions and decision- making. Leave housekeeping to the end of the meeting
 - Be clear on the purpose, timing, action/decision & papers for each agenda item
 - Ensure the prep work has been done beforehand by a link governor or working party who can report back
- **Set expectations for meetings:**
 - Papers
 - Preparation
 - Questions
 - Decisions
 - Pace
 - Attendance
- **Strong chairing and clerking**

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Quick question:

What are the key elements that make an effective team?

Building an effective team

- **Leadership:** An effective Chair and Vice Chair with the ability to provide visionary, strategic, non-executive leadership. Planning, organisation and communication are key skills for chairs.
- **Diversity:** Recruitment through robust and transparent processes based on an understanding of skills required and a role specification.
- Try to build in diversity of perspectives to enable robust decision making
- **Skills:** Active succession planning to ensure the Board, and the whole school, has the people and leadership it needs to remain effective – consider the role of the Vice Chair and whether they are the likely successor.
- **Common purpose:** Setting expectations during the recruitment process is vital. Use Inspiring Governance, Governors for Schools and Academy Ambassadors to help recruit.
- **Clarity on roles:** Use Link Roles to divide the work of the board and create areas of focus for governors. Consider pairing governors on key roles like safeguarding, SEND and Pupil Premium
- **Trust and relationships:** Take time to get to know each other and work to each others strengths

Roles and responsibilities

- **Appropriate Board and committee structures:** Review regularly to reflect the nature of the organisation and ensure sufficient and robust oversight
- **Published details of governance arrangements:** including the structure and remit of the Board and any committees (through terms of reference and/or a scheme of delegation)
- **Stay strategic:** clear separation between governance and leadership functions
- **Delegation:** Consideration of the use of Lead/Link Governors for key roles like Safeguarding, Pupil Premium, SEND. Other responsibilities could be divided by areas of the Ofsted framework, objectives on the school development plan, classes, subjects, key stages etc.
- **Succession planning:** Consider using Associate members of your governing board to add specific skills, or trial potential new governors.

The role of every Governor

To contribute to the work of the governing board

Each governor will be willing and able to contribute in different ways, so:

- **Set expectations** for your governors through the recruitment and induction process, the code of conduct and regular training
- **Be flexible** so governors can fit their governance around their other commitments
- **Be welcoming:** Ensure you have a strong governor induction process and new governors are provided with a buddy to help them get up to speed and gain confidence quickly.
- **Encourage open debate:** Ensure everyone has the time to state their views, but all stand by the consensus
- **Be impartial:** Consider evidence, the strategic priorities, the views of stakeholders and risks.

The role of the Chair

- **The chair is responsible for building and leading the governance team. They help set the tone/ethos for the working relationship between the school and the governing board**
- Through agenda setting and chairing, provide clarity about what decisions need to be made and why.
- Facilitate debate and discussion – seek out the views of Governors who haven't contributed yet.
- Make sure the Board is taking and considering the best possible advice.
- Pull back – sometimes a decision can't be made and shouldn't be forced.
- Manage the expectations of executive leaders.
- Ensure the Board is communicating its decisions and being accountable for them.
- Meets 1-2-1 with executive leader and ensures their wellbeing is considered
- Shares information with the board, but also observes confidentiality when appropriate



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The role of the Clerk

- **Provide advice to the Board to ensure its decisions are legal and can be justified.**
- **Check the Board has the power to make the decision it is planning to make and is properly constituted.**
- **Ensure declarations of interest are up to date and provide advice about managing conflicts of interest.**
- **Minute the debate and the decision – it should be clear from your minutes what you have decided and the considerations which led you there.**
- **Provide detailed and accurate minutes within the agreed timeframe**



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Committee structures

- **The Board should keep the structure under review and ensure it is effective for your context.**
- **Two of the most common models, each of which have advantages and disadvantages:**
- **A Board without committees**
All Governors have visibility of all the Board's work
Splits between finance/education discussions avoided
Governors need to monitor through individual visits
- **Board with 2 committees**
Often have a 'Standards' and 'Resources' focus
More monitoring undertaken in committee
Can allow greater depth of scrutiny

Roles within a MAT

- **Members (minimum 3, ideally 5)**
Responsibility for safeguarding the objects of the Trust, the Articles of Association and the funding agreements. Appoint and remove the Trustees and hold them to account. No day-to-day governance responsibilities. Should be limited overlap with Trustees.
- **Trustees**
The accountable Board for the MAT, Trustees are both charity trustees and company directors. Trustees are responsible for the governance of the Trust, its educational outcomes and use of resources.
- **Local Governing Boards**
Committees of the Board of Trustees and must operate within the Scheme of Delegation set by the Trustees.

To conclude...

If you ask 6 questions...

1. Are the school's resources appropriately **aligned with its strategic priorities**?
2. Does the school have a **clear budget forecast**, ideally for the next 3 years, with mitigations identified if there are future financial difficulties?
3. Has the Board undertaken a **financial benchmarking** exercise to compare the finances with similar schools?
4. Does the Board contain people with the right mix of **skills, experience, qualities and capacity**?
5. Are Governors clear about their **statutory responsibilities** and do we monitor compliance?
6. Are Governors clear about their **safeguarding responsibilities** and their role in monitoring safeguarding?

Action Plan

Following this unit, what will you do differently as a Governor? What actions would you propose for your Board as a whole?

You might wish to consider:

- Financial frameworks and accountability
- Financial management and monitoring
- Financial benchmarking for schools
- Risk management
- Statutory compliance
- Safeguarding
- Building an effective team

Thank you for attending!

The next steps on the programme...

Unit 3 – Educational Improvement