Hackney

Title of Report	Deep Dive - School Reserves and Financial Sustainability
For Consideration By	Audit Committee
Meeting Date	17 April 2024
Classification	Open
Ward(s) Affected	ALL
Group Director	Jackie Moylan, Interim Group Director, Finance

1. Introduction

1.1 Over a period of several years the Audit Committee has undertaken deep dive reviews into specific areas of Council business which has a direct impact on the remit of the Committee's terms of reference. Examples of deep dives in the past include SEN expenditure, capital spend, the pandemic response, Net Zero and the Councils reserves.

1.2 As part of their work programme for the 2023/24 municipal year, the Audit Committee agreed to undertake a deep dive review of the Council's School balances/reserves. The terms of reference of the review are attached at Appendix 1. These were drafted in Winter 2023 and finalised following feedback from Committee members. The objective of the review was to ensure full transparency over this aspect of the Council's finances and to provide context to the financial updates received from the Group Director, Finance (GDF) and the Committee's role in the approval of the Council's financial statements.

1.3 The review consisted of a meeting with Audit Committee members in February at which the Assistant Director of Finance for Children and Education and the Head of Schools Finance gave a presentation and answered questions. This report provides a summary of the work undertaken and includes a detailed analysis of the Schools reserves position.

2 Recommendations

2.1 The Committee is asked to note the contents of this report.

3. Reason for decision

3.1 To ensure full transparency over the Council's finances and to provide context to the financial updates received from the Interim Group Director of Finance and Corporate Resources and the Committee's role in the approval of the Council's financial statements.

4. **Background**

4.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. This is part of a range of safeguards in place that help to prevent local authorities over-committing themselves financially which also includes Section 25 of the Local Government Act 2003 which requires the Council's Chief Finance Officer (GDF&CR) to report on the robustness of the estimates and the adequacy of the proposed financial reserves. The GDF&CR reports on this duty in the Annual Budget Report (see Section 19 of 2023/24 budget report).

4.2 In Hackney the making of arrangements for the keeping and administering of the Council's General Fund, Housing Revenue Fund (HRA), Collection Fund and other funds and reserves in accordance with statutory and professional requirements and specific approvals on the use of such funds and reserves is delegated to the GDF&CR and the Director of Financial Management.

4.3 The use of these reserves is routinely reported through to Cabinet in the monthly Budget Monitoring Report ('the OFP').

5. **Dedicated Schools Grant (DSG)**

5.1 The DSG is a ring-fenced grant which funds schools and some central education functions. Funding is allocated through four funding blocks, these are the:

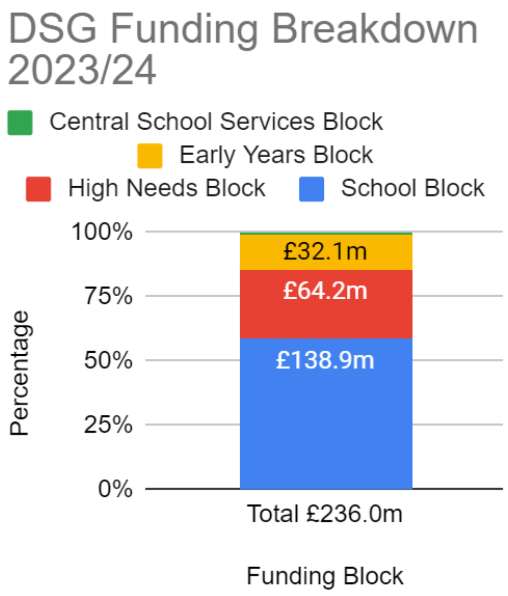
- **Schools block** - supports core provision for pupils in primary and secondary education up to the age of 16. It receives the largest proportion of DSG funding (£138.9m in 2023/24). This block is the focus of this deep dive.

- **High Needs block** - supports the provision of support to children and young people with Special Education Needs and Disabilities (SEND) in education, as well as specialist support and other services provided directly by the local authority.

- **Early Years block** - covers early years education before a child reaches statutory school age.

- **Central Services block** - provides local authorities with funding to fulfil their statutory duties around education. It allocates funding for two purposes: ongoing responsibilities and historic commitments.

Chart 1: *DSG Funding blocks 2023/24*



6. Framework and governance of School balances

6.1 Governing bodies of all schools are required to report to the Local Authority on their intentions for the use of surplus balances in excess of 5% (Secondary) or 8% (Primary, Special and Pupil Referral Unit (PRU). These thresholds are considered to be acceptable thresholds for maintained schools nationally. The Local Authority needs to be assured that, as part of its budget planning process, the surplus balance plan is robust, viable and being managed effectively. Surpluses should be earmarked for specific future needs and should be clearly linked to the School Development Plan or to cover possible pupil roll adjustments.

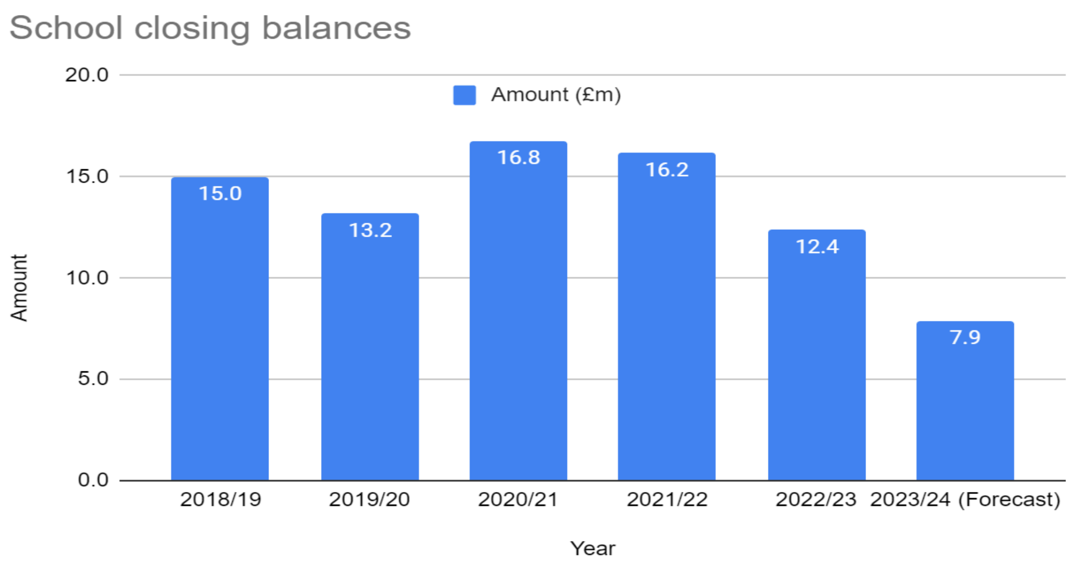
6.2 For those schools who have excessive balances the Local Authority can apply a clawback on surplus balances where a school has had a combined revenue and capital surplus balance of 12% or more for three successive years (the excess above 12% being the amount clawed back). More detail on the clawback mechanism is contained in Section 7 of this report.

6.3 For those schools in deficit, Deficit recovery plans are required for all schools in deficit at the year end (in excess of 5% of the school's budget).

7. Trends in school balances and analysis of schools in deficit

7.1 The Council held school balances on the balance sheet totalling £12.4m as at 31st March 2023. This is a decline of £3.8m from the previous year and after an increase during the Covid years. Based on projections provided by schools in period 9 of 2023/24, a further fall of £4.5m in overall balances is predicted by 31st March 2024, taking the overall school balances to £7.9m.

Chart 2: *School reserves - five year trend and forecast for 2023/24*



7.2 Based on latest forecasts it is estimated that more schools will be in deficit at the end of 2023/24. Table 1 below shows how the deficit position of schools has gradually increased year on year, with Primary schools most likely to be in deficit.

Table 1: Deficit position of schools since 2020/21

	Type of School			
Financial Year	**Secondary**	**Primary**	**Special**	**Total deficit**
2023/24 Forecast	0	15	0	(£4.11m)
2022/23	0	12	1	(£3.46m)
2021/22	1	10	0	(£2.25m)
2020/21	1	9	0	(£2.50m)

7.3 The most significant driver of why primary schools are experiencing deficits is mainly due to falling rolls and having pupils well below their Pupil Admission Number (PAN). This remains a high impact issue for schools in Hackney and across London at present, however there are other more general influencing factors which also provide financial challenges for schools. These include:

- **Lack of inflationary increases** - an accumulation of below inflation increases in the DSG has had a significant impact on non-staffing budgets.

- **Energy costs** - increasing energy costs has had a high impact for schools, in particular since 2022/23.

- **Unfunded pay increases** - although additional grant is provided for pay increases, generally schools with a higher number of experienced teachers, can lose out and need to meet pay awards through their overall budget. This is due to the pay grant methodology being based on an average per pupil rate of funding.

- **Cost of living crisis for pupils and families** - Schools have to consider more carefully whether to increase school meal costs for paying pupils and issues like the cost of uniforms and the impact this can have on families. This can present challenges around increasing costs as an avenue to increase income. More recently within Primary Schools, the GLA's grant to provide free school meals to parents who would normally have to pay for a child in years 3-6, has alleviated this pressure. However it remains a factor for Secondary schools and other settings.

7.4 School leaders are encouraged to use the Department for Education (DfE) top ten planning checks to measure their key financial indicators against defined measures. These are listed below and expanded on in more detail in Appendix 2 of this report.

1. Staff pay as a percentage of total expenditure
2. Average teacher cost
3. Pupil-to-teacher ratio (PTR)
4. Class sizes
5. Teacher contact ratio
6. Proportion of budget spent on leadership team
7. Three to five year budget projections
8. Spend per pupil for non-pay expenditure lines compared to similar schools
9. School Improvement Plan priorities and the relative cost of options
10. Contracts register with costs and renewal dates - including break clauses.

Support provided to schools in financial difficulty

7.5 Deficit recovery plans are agreed with schools and support is provided by the Local Authority (LA) to complete a realistic plan to recover the deficit as soon as possible. Schools are also able to access the help of a School Resource Management Adviser (SRMA) who is an independent expert with significant experience of the education sector. The SRMA offers tailored advice on resource planning (including curriculum financial planning) and recommendations for implementing efficiencies across the school. The SRMA works with the school and the LA and is a free resource provided by the DfE.

7.6 Deficit schools, if they are in a deficit recovery process, are monitored at least twice a year to measure progress, more often if necessary. Schools that are seeking to set a deficit budget for the first time are met during the Summer term prior to presenting the deficit budget in order for it to be licensed by the LA. These meetings are attended by the Chair of Governors, Headteacher, School Business Manager, Assistant Director, (School Performance & Improvement) and Head of Schools Finance. Discussions around planned reduction in expenditure (predominantly staffing) are held, leading to the submission of a business case and engagement with HR. In some instances vertically grouping classes is a temporary solution.

7.7 The Admissions team also shares data with Schools Finance around roll numbers and trends and the LA collectively speaks to schools regarding options such as PAN (Pupil Admission Number) reductions. In addition to this risk meetings are held with the Assistant Director (School Performance & Improvement) on a termly basis to discuss schools that are experiencing financial difficulties. This information is shared with the Education Directorate at the termly Divisional Risk meeting, chaired by the Director of Education and Inclusion. The data extrapolated from the monthly returns submitted to the LA by the schools is analysed and discussed at this forum, which determines, to some extent, the additional action that officers may need to take.

8. Analysis of school balances and benchmarking with other LAs

Benchmarking with other London LAs

8.1 In July 2023, London Councils coordinated a survey based on 2022/23 closing balances for all London local authorities in respect to their maintained schools, which has allowed us to measure our schools balances against set percentage balance thresholds. This highlighted that Hackney was fairly consistent with the overall picture across London boroughs, including:

- Hackney had a similar number of schools in deficit in 2022/23 compared to other London boroughs, Hackney had 27% of its schools in deficit whereas the London average was 23%.
- Most schools in London (circa 40%) were within less than 8% of their income budget threshold, for Hackney this was 41%.
- 14% of Hackney schools had budgets exceeding 8% of their income budget but less than 15%, this was compared to circa 21% across London.
- 18% of Hackney schools had budgets exceeding 15% of their income budget compared to circa 16% across London.

Chart 3: *London breakdown 2022/23 by school type*

- Across primary, secondary and special schools, those with surplus balances within 8% of their budget constitute the largest share of their school type across London.
- Nurseries, however, have a significantly higher share of their schools in deficit (39%).

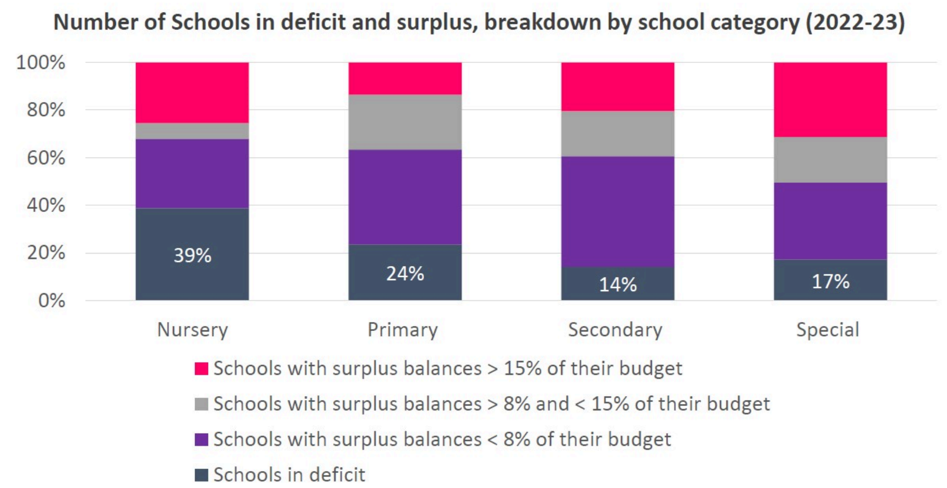


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***Chart 4:** London breakdown 2022/23 overall*

- In 2022-23, approximately ¼ of all schools in London were in deficit. This is relatively consistent across Inner and Outer London.
- Most schools (c. 40%) were within < 8% surplus of their budget.

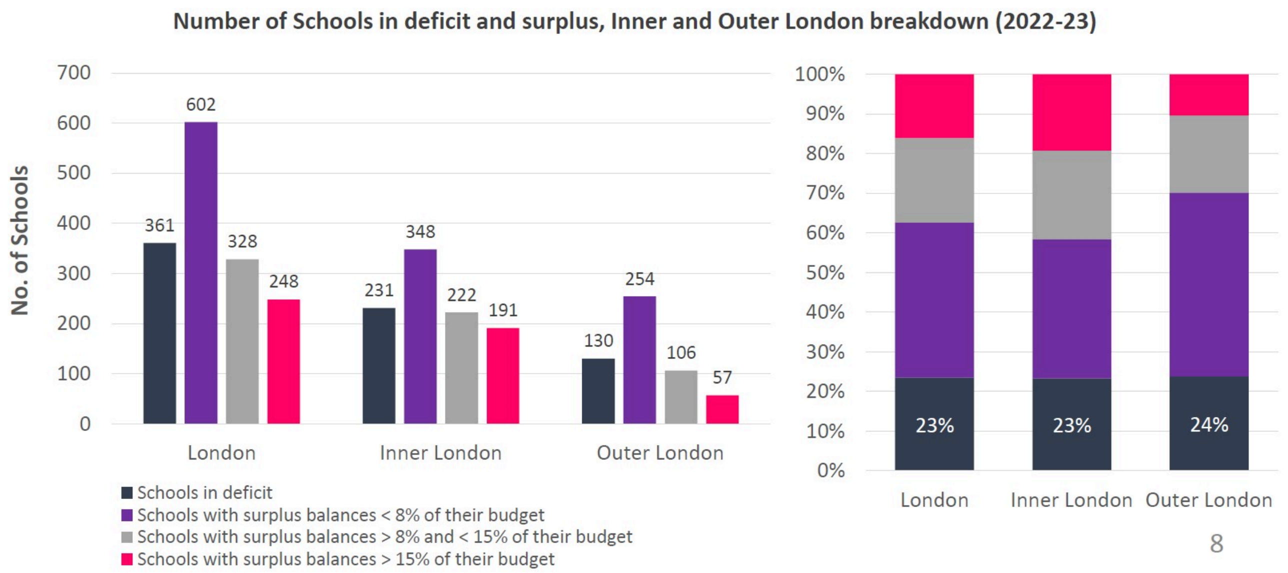

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***Chart 5:** Hackney Schools Analysis 2022/23 by school type*

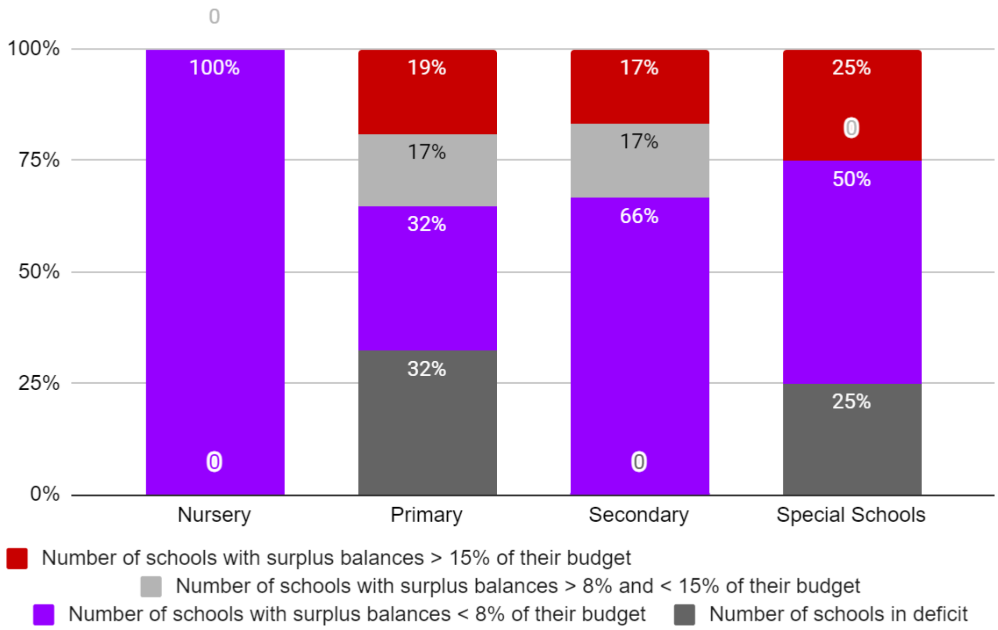
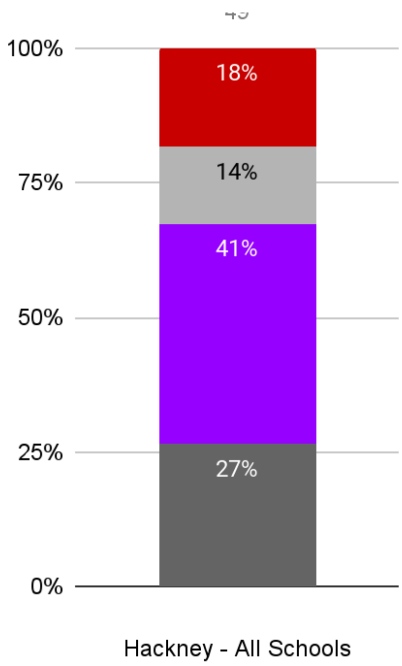


Chart 6: *Hackney Schools Analysis 2022/23 overall*



8.2 The analysis provided by London Councils and the equivalent Hackney specific graphs show that Hackney is broadly in line with other London LAs and not a significant outlier in any surplus balance category. A more detailed breakdown for Hackney by school type and threshold is also contained in Table 2 below:

Table 2: Hackney Schools breakdown by surplus balance threshold 2022/23

Phase	Total schools in each phase	Number of schools in deficit	Number of schools with surplus balances < 8% of their budget	Number of schools with surplus balances > 8% and < 15% of their budget	Number of schools with surplus balances > 15% of their budget
Nursery	2	0	2	0	0
Primary	37	12	12	6	7
Secondary	6	0	4	1	1
Special Schools	4	1	2	0	1
Total	**49**	**13**	**20**	**7**	**9**
		These schools are supported through a deficit recovery plan	Within threshold limits	Schools who need to submit a surplus balance spending plan	Schools who need to submit a surplus balance spending plan

These schools can also be subject to clawback if they maintain a surplus balance above 12% over three consecutive years

<u>The clawback mechanism</u>

8.3 Government guidance states that any clawback mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances or where some level of redistribution would support improved provision across a local area.

8.4 In Hackney the rules around clawback are contained in the ‘Scheme for Financing Schools’ which is a document agreed with the Hackney Schools Forum. The agreed rules state that a school with a combined revenue and capital surplus balance of 12% or more for three successive years can trigger the clawback mechanism. There is currently no stipulation on the timeframe for a balance reduction plan in the event the mechanism is triggered. Federated schools are treated as individual schools to assess the clawback criteria apart from one federation who submit a single amalgamated budget. No Federated schools fell within the clawback criteria at the end of 2022/23.

8.5 At the end of 2022/23, there were 7 schools (5 Primary, 2 Secondary/Special) who could have been subject to clawback with a combined surplus of £3.038m (the amount in excess of 12%). Circa £1.5m related to 1 School.

8.6 Hackney Education works with Schools with excess balances to formulate spend plans which will be targeted at providing positive educational outcomes and reduce excess balances in the short-term. Maintaining a strong and effective working relationship with a school is a key consideration behind deciding whether or not to exercise the clawback mechanism. Although Hackney Education hasn't exercised the clawback mechanism for a number of years, it is to be noted that any money which could potentially be retrieved by the Council would need to be used for its original purpose, to support maintained schools in the local area and adhere to DSG funding principles. Table 3 below shows some more detail of the schools which could have triggered the clawback mechanism at the end of 2022/23 financial year.

Table 3: Schools who met the clawback criteria at the end of 2022/23

Schools Year End Balances (Over 12%)	2020-21 %	2020-21 Rev Bal C/Fwd £	2021-22 %	2021-22 Rev Bal C/Fwd £	2022-232 %	2022-23 Rev Bal C/Fwd £	2022-23 Propn' Over 12%	2022-23 Amount Over 12% £
School Name								
Primary								
BERGER PRIMARY	20	608,732	21	646,013	19.30	612,997	7.30	231,878
BETTY LAYWARD PRIMARY	22	580,790	16	418,476	15.35	420,575	3.35	91,865
HARRINGTON HILL PRIMARY	23	510,131	27	492,703	15.52	259,505	3.52	58,858
SHOREDITCH PARK PRIMARY	25	759,789	30	922,414	31.10	1,006,548	19.10	618,186
ST PAULS/ST MICHAELS	34	469,562	44	610,867	32.41	460,158	20.41	289,782
Secondary								
THE URSWICK	15	1,085,133	12	935,794	14.75	1,230,597	2.75	229,257
Special								
NEW REGENTS COLLEGE	68	2,105,665	65	1,869,593	79	1,792,047	66.61	1,518,471
							TOTAL	**3,038,297**

Forecast of future surplus balances at the end of 2023/24

8.7 As shown in Chart 2, a reduction in surplus balances overall of £4.5m is predicted by schools in 2023/24 based on monitoring information collected from schools for this financial year in period 9. However, many more schools are predicting in-year overspends and therefore a reduction in their surplus balance. The details of this are provided in Table 4 below.

Table 4: 2023/24 Forecast position collated from Schools in Period 9

2023/24 Forecast Position

Phase	Total schools in each phase	Number of schools in deficit 2022/23	Number of schools predicting to be in deficit 2023/24	Number of schools predicting reduced surplus balances in 2023/24 (in-year overspends)	Total reduction in surplus balance predicted in 2023/24 (£'000)
Nursery	2	0	0	2	147
Primary	37	12	15	28	4,322
Secondary	6	0	0	5	1,559
Special Schools	4	1	0	1	792
Total	**49**	**13**	**15**	**36**	**6,820**

8.8 Of the 36 schools predicting overspends, their combined overspend is circa £6.8m and 28 of these schools would move to having a surplus less than 5% or 8% of their budget. A further 3 Primary Schools are predicting they will move into a cumulative deficit position at the end of 2023/24, having started the financial year in surplus. It is to be noted that this is based on information collected from schools and are predictions at period 9. The year end position in previous years has varied from predictions collected from schools during the budget monitoring cycle.

9 Conclusions

9.1 School reserves are forecast to continue to fall in the current year after an upturn experienced during the covid pandemic. Comparisons with other London boroughs show Hackney is similar to other London boroughs when looking at set thresholds used to analyse surplus/deficit balances. The position overall indicates a decreasing schools balance position and the factors which influence this have been discussed in the report. The most significant factor is falling roll numbers within Hackney schools and this trend is also currently being experienced across London.

9.2 It was noted that robust procedures are in place to monitor school balances and the support offered to schools to manage cumulative deficits by the local authority is comprehensive.

9.3 Falling rolls and other financial pressures outlined at 7.3 of this report will continue to impact our schools and the levels of their balances will need to continue to be monitored with tailored financial planning support provided where appropriate. The issue of falling rolls is a current and London wide issue for schools at present and provides challenges which need to be managed, the underlying processes and systems which underpin schools financial management are considered to be sound.

10. Comments of the Interim Group Director, Finance

10.1 The comments of the Interim Group Director of Finance and Corporate Resources are set out in the main body of this report.

11. Comments of the Acting Director of Legal, Democratic and Electoral Services

11.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk.

11.2 The Group Director, Finance is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council’s financial affairs.

11.3 In order to fulfil these statutory duties and legislative requirements, the Section 151 Officer:

(i) Sets appropriate financial management standards for the Council which comply with the Council’s policies and proper accounting practices and monitor compliance with them.

(ii) Determines the accounting records to be kept by the Council.

(iii) Ensures there is an appropriate framework of budgetary management and control.

(iv) Monitors performance against the Council’s budget and advises upon the corporate financial position.

11.4 There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Audit Committee Terms of Reference: School Reserves and Balances
Appendix 2 - Top ten planning checks for governors

Background documents

None

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Appendix One

AUDIT COMMITTEE
DEEP DIVE TERMS OF REFERENCE

School Reserves & Balances

Objective

The Audit Committee has requested a deep-dive review of Hackney maintained schools balances to ensure full transparency over this aspect of the Council's finances and to provide context to the financial updates received from the Group Director of Finance and Corporate Resources and the Committee's role in the approval of the Council's financial statements.

Scope of work

1. Outline the current regulations contained within the 'Scheme for Financing Schools' and in particular the rules relating to the treatment of surplus and deficit balances of individual schools, including the conditions around clawback of excess balances.

2. Show a comparison over the 3 financial years from 2020/21 to 2022/23 and a forecast balance for 2023/24.

3. Attention will be focussed on the individual School reserves and will be analysed by the following categories:

    (a) Schools in surplus and remaining within the acceptable threshold limit (5% secondary or 8% for primary, special and pupil referral units)

    (b) Schools in surplus and exceeding the threshold limits and who have an agreed spending plan for balances above the threshold.

    (c) Schools in surplus who fall within the rules of potentially being subject to clawback if the Council chose to exercise this option.

    (d) Schools who are in deficit and who are monitored/supported through a deficit recovery plan agreed with the Council.

4. The wider financial and non-financial considerations which apply in relation to schools who fall within the clawback criteria, including federated schools.

5. Outline the support provided to schools in financial difficulty, including:

    (a) Examination of the main drivers which leads a school falling into financial difficulty.

    (b) How the Council helps to address these issues.

    (c) Comparative benchmarking information with other London Council's.

Appendix Two

Top ten planning checks for governors provided by the DfE

1. Staff pay as percentage of total expenditure

Staff pay is the single most expensive item in the school budget. It typically represents over 70% of expenditure. The schools financial benchmarking service will help with analysis.

Questions governors might want to ask:

- what percentage of the budget is spent on staffing compared with similar schools?
- how does the percentage for teaching staff, curriculum support staff and other support staff compare with other similar schools?
- how do your school's pupil outcomes – such as your school's progress score – compare with other similar schools, relative to spend on staffing?
- What is the overall staff cost as a percentage of total income? Staffing costs over 80% of total income are considered high
- if teaching costs are relatively high, is this due to the number of teachers or a relatively high proportion of highly-paid staff?

2. Average teacher cost

This measure is calculated by dividing the total teaching cost by the full-time equivalent (FTE) number of teachers.

Questions governors might want to ask:

If the average teacher cost is high in comparison with other similar schools, why is this? The schools financial benchmarking service includes staffing cost per teacher (in the 'expenditure' section).

Is this due to:

- the staffing grade profile, such as a high number of staff on the upper pay scale?
- the responsibilities structure in the school, such as the Teaching and Learning Responsibility (TLR) scale?
- another reason?

How far is your school using its pay flexibilities – for example, to differentiate pay by teachers' performance?

3. Pupil-to-teacher ratio (PTR) The pupil-to-teacher ratio (PTR) is calculated by dividing the number of FTE pupils on roll by the total number of FTE teachers. A relatively low PTR could suggest small class sizes. As well as benchmarking the PTR, you may want to review the average PTR and pupil to adult (teachers and support staff) ratios in other schools and academies. You can do this using the 'Workforce' section of the schools financial benchmarking service and choosing 'pupils per measure'. The ratio of pupils to all educational staff (including teaching assistants) is also relevant, especially in primary schools. Read the Education Endowment Foundation's survey about the impact of teaching assistants. Evidence found that teaching assistants are a 'high cost' intervention with a mixed impact on pupil education levels, depending upon how they are deployed. Questions governors might want to ask include: ● what is the PTR for different key stages within their schools? ● how does the school's PTR compare with similar schools? If it's significantly different, what is the reason for this? ● how does the ratio of pupils to staff compare with similar schools?
4. Class sizes The smaller the class size the greater the cost of delivery per pupil. Governors should ensure that class size plans are affordable while supporting the best outcomes for pupils. You can also use integrated curriculum and financial planning (ICFP) to plan the best curriculum for pupils with the funding you have available. It can be used at any phase or type of school. You may find it helpful to look at the Education Endowment Foundation's evidence on the impact and costs of reducing class size. Questions governors might want to ask: ● what are the average class sizes by key stage, and by options at key stages 4 and 5? ● what class sizes does your school aim to achieve – and what is the educational reason for this? ● are there any small classes where the per pupil funding does not cover the cost of delivery? This can be especially important at key stage 4 and 5 where class sizes for some subjects can fall

- do you know the maximum average class size that the school can operate within the context of the pupil admissions, the structure of the building, the numbers in different year groups and the need for intervention strategies?

5. Teacher contact ratio

This measure is calculated by taking the total number of teaching periods timetabled for all teachers in the school and dividing that by the total possible number of teaching periods (the number of teaching periods in the timetable cycle multiplied by the FTE teachers). All teachers should have a guaranteed minimum of 10% timetabled planning, preparation and assessment (PPA) time. Therefore the teacher contact ratio will always be lower than 1.0.

The Association of School and College Leaders (ASCL) advocates 0.78 as an aspirational target for the ratio, on the basis that this represents approximately 10% of all teacher time in planning and preparation, 10% in management activity and allows 2% margin. See the ASCL model.

Questions governors might want to ask:

- how would changes to the teacher contact ratio impact on the overall budget?
- are teaching staff undertaking roles that could be done by support staff?
- how does your school compare against the ASCL aspirational target (secondary schools only)? What is the reason for any difference?

6. Proportion of budget spent on the leadership team

Schools have many different leadership and management structures and comparisons are not straightforward. The total number of staff in the leadership group (FTE) is included in the schools financial benchmarking service.

Some schools calculate the cost of non-class-based leadership time as a percentage of total expenditure, and compare to similar schools by collaborative exchanges of summary information. Likewise, multi-academy trusts can compare across their member schools where they are similar.

Questions governors might want to ask:

- how does this compare with similar schools, taking into account any contact time the leadership staff have?
- if there is more than one school in your trust or federation, are the leadership structures proportionally the same?
- how has your school made decisions on the proportion of its budget to be spent on the leadership team?
- if this is relatively high or low compared with similar schools, is this because of the size of the leadership team, or their pay?

7. 3 to 5 year budget projections

Governors should ask to see 3 to 5 year financial projections, and the assumptions made to cost them.

Assumptions you may want to review:

- projected pupil numbers
- free school meal numbers
- likely pupil premium income
- projections of the staffing that will be necessary in these years.

Schools should plan their staffing based on multi-year projections of curriculum needs.

Questions governors might want to ask:

- how confident are you that pupil number projections are realistic? If there is uncertainty, boards should be given 3 scenarios: cautious, likely, and optimistic. This applies to all key assumptions, but especially pupil number projections and funding rate assumptions
- if the optimistic scenario indicates financial difficulties, is the school developing a recovery plan now?
- if the cautious budget indicates potential financial difficulties, what contingency plans does the school have to overcome them?
- are there any issues in the medium term that should be addressed now?
- how will current decisions impact medium-term budgets?
- what do we need to put in place now to ensure we have the necessary funding in the future?

8. Spend per pupil for non-pay expenditure lines compared to similar schools

The schools financial benchmarking service will allow you to compare your school's pattern of expenditure with similar schools.

Questions governors might want to ask:

- what is the spend per pupil for catering, ICT, estates management, business administration, energy and curriculum supplies?
- if benchmarking indicates a relatively high spend on a particular expenditure line, do you know why?
- are the reasons unavoidable or can your school secure greater efficiency?
- if the cost of energy seems high compared with similar schools, have you considered switching your energy deal or provider?

- if spend on supplies and services seems high compared to similar schools, are there opportunities for collaborating with other local schools to bring costs down?
- to explore opportunities for collaborating, encourage your School Business Professional (SBP) to attend their local network
- has your school checked whether it can get a better deal on the things it buys regularly?

Multi-academy trust (MAT) trustees may also want to compare their level of 'top slice' to other MATs, what it is used for, and how it provides value for money for member academies.

9. School improvement plan priorities and the relative cost of options

The budgetary process sits firmly within the strategic leadership framework, and should link into the overall management and planning cycle, rather than being seen as an additional activity that is the responsibility of the finance manager.

Questions governors might want to ask:

- are school improvement initiatives prioritised, costed, and linked to the budget?
- are all new initiatives fully costed before your school is committed to the proposal?

10. List of contracts with costs and renewal dates

Each year your school must review its contracts for all of its services to check which ones are due for renewal. Check that contracts are good value for money (VFM) and meet the school's needs.

Questions governors might want to ask:

- are all contracts due for renewal re-tendered/reviewed for VFM before renewal?
- are there any regular payments for services that are an invoice-only contract? Include all goods and services on a contracts list, including single-item and routine purchases, such as stationery. Check all suppliers are on contracts list, and review the overall list for value for money (VFM)
- are all contracts for the supply of goods and services captured and reviewed regularly on an up-to-date register?