

Financial Sustainability

Information Sheet for Staff

Financial sustainability is currently a key priority for schools and will become more and more prevalent over the next three to five years. Ofsted's improvement agenda highlights the following three top priorities for schools:

- 1) Standards
- 2) Safeguarding
- 3) Sustainability
 - Environmental
 - Financial

Whilst school funding levels are unlikely to be significantly affected in 2010-11, the Comprehensive Spending Review (CSR) for 2011-14 is likely to result in tighter budgets for schools. The pay award for teachers for September 2010 is confirmed at 2.3%. Funding for schools (currently guaranteed at 2.1%) could potentially reduce by at least 1% per annum on a cumulative basis over the CSR period. Thoughtful strategic financial management is therefore essential for schools.

As school employees we all have a role to play in ensuring the financial sustainability of our school in the coming years. This information sheet aims to demonstrate how all school staff can ensure financial efficiency in their areas and contribute to the school's financial management strategy.

What are we doing already?

At a strategic level, financial sustainability is high on the agenda and we are already planning for this eventuality.

The school has achieved 'full financial audit assurance' at two consecutive inspections and has been re-designated with the FMSiS (Financial Management Standard in Schools) in October 2009. A team of highly qualified staff ensure that financial management at an operational and strategic level is robust, transparent and effective.

'Best Value' (BV) and 'Value for Money' (VfM) are two key concepts which the school constantly seeks to achieve in all areas of financial management. The FMSiS assesses whether or not a school is achieving BV and VfM and concentrates on the processes the school undertakes to do this.

Best Value (BV)

In short, BV means getting the best deal. The cost and the quality of the goods or services should be considered.

The school's Best Value Statement is available to view on the school website and details the four principles of Best Value (four Cs) and the strategies the school employs to ensure BV is achieved.

BV is an important focus for departments when making procurement (purchasing) decisions.

Value for Money (VfM)

The way schools allocate and use their resources in order to improve children's outcomes in a continuous and sustainable way.

A new emphasis on VfM suggests that a focus on processes is not enough and schools should focus on outcomes in order to ensure VfM is achieved. This involves looking at economy, efficiency and effectiveness as illustrated in the example below:

ECONOMY

Doing things at the right price:

What is the overall cost?

EFFICIENCY

Doing the things the right way:

How efficiently have we deployed the resource?

EFFECTIVENESS

Outcomes:

How effectively have the objectives been met?

Example:

CPD – training course

Economy

Have we negotiated a good price?

Efficiency

Has the training been cascaded to other staff and used to make a difference

Effectiveness

Has the training had an impact on outcomes? How do we know?

This model is used in our school on a regular basis by school leaders to ensure financial sustainability.

What else can we do to ensure financial sustainability?

- All staff should consider the principles of Best Value and Value for Money when making any financial decisions – no matter how small.
- Faculty Clerks have received some practical tips to help them to implement the principles of Best Value for the benefit of departments on a daily basis.
- As always staff should use common sense when making any purchasing decisions.
- Plan the use of your capitation carefully.
 - Prepare a spending plan.
 - Capitation allocations for 2011-12 will be communicated to you from April 2011 in the usual way.

If you require any further information or advice in this area please contact Nikola Bunyan, Director of Resources.