

# Schools Financial Value Standard returns

**Schools Forum**

**Date: 6<sup>th</sup> October 2015**

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Author: Finance Manager – Education  
Wards: All  
Locality Affected: All  
Parishes Affected: All  
Settings Affected: All LA maintained schools and Pupil Referral Units

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## **1. Purpose and Reasons**

- 1.1 To update Schools Forum members on the findings from the review of the 2014/15 Schools Financial Value Standard (SFVS) self-assessments and suggest a consistent procedure for future returns.

## **2. Recommendations**

- 2.1 The Schools Forum is asked to note that:
- The LA is issuing guidance on how best to complete the SFVS return and future submissions should follow this guidance.
  - SFVS forms part of the LA's financial health check of schools and schools may be contacted to verify evidence in support their assessments.

## **3. Background**

- 3.1 The Schools Financial Value Standard (SFVS) is in its third year of operation (having superseded the former Financial Management Standard in Schools assessment which was subject to external verification and withdrawn by DfE in November 2010). Local authority maintained schools and pupil referral units (PRUs) are required to complete the SFVS once a year. All Swindon maintained schools and PRU completed and submitted their 2014/15 SFVS assessment to the local authority by 31st March 2015.
- 3.2 The SFVS has been designed by the DfE with schools to help them in managing their finances and to give assurance to the Local Authority that they have secure financial management in place.
- 3.3 Governing bodies of maintained schools or management committees of pupil referral units (PRUs) have a formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors and management committees.
- 3.4 The standard focuses on five main areas:
- A - The Governing Body and School Staff
  - B - Setting the budget
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Further information on the subject of this report can be obtained from Anne Mackay, Finance Manager Education, 01793 465742, [amackay@swindon.gov.uk](mailto:amackay@swindon.gov.uk).

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C - Value for money

D - Protecting public money

E - Summary of agreed remedial action and timetable for reporting back

- 3.5 The requirements and expectations of governing bodies and management committees relating to the SFVS are now a part of the Financial Training for Governors programme which is provided by the LA finance and Internal Audit teams as part of the Governor Support Traded Service.
- 3.6 The evidence provided in the self-assessments is incorporated into the LA's financial health monitoring procedures which are used to identify schools that may require further LA challenge or support from the school improvement, finance and / or Internal Audit teams. Although the assessment is not subject to external assessment, the LA Internal Audit Team will review returns and any supporting evidence as part of its annual internal audit programme and will look to verify evidence during school visits.
- 3.7 Local authorities are required to fill out the Schools Financial Value Standard (SFVS) Dedicated Schools Grant (DSG) Chief Financial Officer (CFO) assurance statement every year to cover all the maintained schools in their area.

## 4. 2014/15 Review, actions and proposals for future returns

- 4.1 All the SFVS submissions were returned to the LA by the 31<sup>st</sup> March 2015 deadline and have subsequently been subject to an initial review. The standard had 23 questions to be completed with a yes/no/in-part answer and a column to include comments, evidence and proposed actions. It also has an area for remedial actions where the school believes areas could be strengthened.
- 4.2 The 23 questions cover a wide range of governance and internal control issues and the LA would not expect schools to include categorical 'Yes' scores against all areas. Table 1 below shows the numbers of schools that submitted self-assessments with only 'Yes' answers and those that included a number of 'No'/'In Part' answers submitted.

Table 1 - SFVS 2014/15	Number of schools
'Yes' to all questions	27
'No' to some questions	3
'In Part' to some questions	10
Total number of schools	40

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- 4.3 Reviews have been undertaken on all returns and the findings will be used to inform the annual Internal Audit plan and the health-check process used within Finance. The reviews identified that schools have varying approaches to the completion of these returns and the quality and level of detail varied considerably.
- 4.4 The LA would refer governors and management committees to the DfE website where guidance is available on the evidence that should be considered when completing the form, good practice and further support available to assist schools in addressing specific issues. There is no prescription of the level of evidence that the governing body and management committee should require but the governors and management committees need to be confident about their responses and to be assured that their mandatory obligations have been fulfilled. It will enable governors and management committees to more easily identify weaknesses or areas for challenge.
- 4.5 The following points will form the main part of LA guidance:
- There are two new questions in Section A of the 2015/16 standard; schools should ensure they access the latest version from the DfE website.
  - The governing body or management committee may delegate the consideration of the questions to finance or any other relevant committee but a detailed report should be provided to the full governing body or the management committee and the chair of governors or chair of the management committee must sign the completed form.
  - Answers to all 25 questions should be given. In the area where “comments, evidence and proposed actions” are entered, comprehensive answers should be given and supporting evidence should be listed in the document, along with relevant timescales. It is not advised to embed the evidence documents into the file prior to sending the return to the LA as the file will be too large. All evidence should be detailed and made available if requested by the LA.
  - Examples where answers are “Yes” with very brief responses do not provide the necessary assurance for the governing body or the LA. It is important governors and the management committee are confident about all the responses.
  - Where a question is answered “No” or “In Part” the school should provide a brief summary of the position and proposed remedial action with an expected delivery date.
  - In Section E (Summary of agreed remedial action and timetable for reporting back), governors and management committees should
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summarise remedial actions and the timetable for reporting back. Governors and managing committees should ensure that each action has a specified deadline and an agreed owner. Governors and management committees must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

- The completed and signed return should be submitted to the LA's Schools Finance Team by 31<sup>st</sup> March 2016. Schools should submit both the completed Word document to enable the schools' responses to be collated and a PDF copy of the signed return.
- The basis for best practice follows the LA assessment of all completed answers from submitted returns. A number of questions contained weak answers or lacked detailed evidence, Appendix A gives some best practice and examples of some of the more comprehensive answers from schools.

4.6 The next SFVS returns will be reviewed with regard to the considerations above and in **Appendix A**.

## 5. Alternative Options

5.1 There are no alternative options presented in this report.

## 6. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

6.1 The LA's Chief Finance and Section 151 Officer (The Board Director – Resources) is responsible for monitoring the financial health of LA maintained schools and is required to report compliance of the standard to the DfE. Full compliance with the SFVS requirements provide a high level of assurance that all financial and procurement arrangements in schools are of a high standard.

### Legal and Human Rights Implications

6.2 There are no legal or human rights implications arising from this report.

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

6.3 This report does not make any recommendations that affect these areas.

### Links to One Swindon, Strategic Objectives, Plans and Policies

6.4 Utilisation of the DSG has a direct link to two of the Council's five priorities – "Right skills, right jobs in the right place" and "Make the best use of Swindon's resources inside and outside the Council".

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## Diversity Impact Assessment

- 6.5 A Diversity Impact Assessment (DIA) has not been done as this report does not make any recommendations that affect services.

## Risk Management

- 6.6 Governing bodies must be able to demonstrate that they have robust financial management processes in place. Completion of the SFVS provides assurance to Governing bodies and the LA's S151 officer that adequate processes are in place or highlights areas for improvement.

## **7. Consultees**

- 7.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer), Director of Law and Democratic Services (Monitoring Officer) and Board Director – Commissioning (Director of Children Services) are consulted in respect of all reports.

## **8. Background Papers**

- 8.1 Previous SFVS reports to the Schools Forum

## **9. Appendices**

- 9.1 Appendix 1 – Schools Financial Value Standard – Best practice, advice and example.