

Schools Financial Value Standard return 2013-14

Schools Forum

Date: 8th July 2014

Author: Finance Manager – Education & Innovation
Wards: All
Locality Affected: All
Parishes Affected: All
Settings Affected: All LA maintained schools

1. Purpose and Reasons

- 1.1 To update Schools Forum members of the position following submission of the Schools Financial Value Standard (SFVS) self-assessments as required by DfE for 2013-14.

2. Recommendations

- 2.1 The Schools Forum is recommended to note that:
- The LA's Chief Finance Officer has submitted the assurance statement to the DfE confirming that all relevant Swindon schools completed an SFVS review in accordance with the statutory deadline.
 - The LA is pleased to confirm that initial assessments are that the majority of schools have completed the returns to the levels required.
 - The LA will be reviewing each SFVS response over the next few weeks in detail and may contact individual schools to verify evidence to support their assessments. Key findings will be reported to the Schools Forum in October.

3. Background

- 3.1 The new Schools Financial Value Standard (SFVS) is now in its second year of operation having superseded the former Financial Management Standard in Schools (FMSIS) assessment which was subject to external verification and withdrawn by DfE in November 2010. All LA maintained schools were required to complete and submit their 2013/14 SFVS assessment to the local authority by 31st March 2014.
- 3.2 The SFVS process is aimed at school Governing Bodies and focuses on assisting schools in managing their finances and governance arrangements to provide assurance that they have secure financial management in place, or have identified areas for improvement. The requirements and expectations of Governing bodies relating to the SFVS are now a major part of the Financial Training for Governors programme which is provided by the LA finance and audit teams as part of the Governor Support Traded Service.

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3.3 The standard focuses on five main areas:

- The Governing Body and School Staff
- Setting the budget
- Value for money
- Protecting public money
- Outcome of the self-assessment

3.4 LA's have a statutory obligation to ensure all maintained schools complete and return their assessments at the end of each financial year. The evidence provided in the self- assessments is included within the LA's overall financial health monitoring procedures which are used to identify which schools may require further LA challenge or support from the school improvement, finance and/or internal audit teams. Although the new 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.

4. 2013/14 Review / Actions

- 4.1 All the SFVS submissions were returned to the LA by the 31st March 2014 deadline and have subsequently been subject to an initial review. The scheme has 23 questions to be completed with a yes/no/ in-part answer and then an area to include comments, evidence and proposed actions.
- 4.2 Reviews have been undertaken on all returns and a small number of schools have been requested to review some of their answers and resubmit back to the LA. Where for example a school said "Yes" they undertook benchmarking but the evidence then said that they had "contacted Internal Audit and were awaiting training", this indicated to the LA that "Yes" should actually have been "No". In the vast majority of cases Governing bodies appear to have made genuine attempts to submit realistic assessments. The 23 questions cover a wide range of governance and internal control issues and the LA would not expect school to include categoric "Yes" scores against all areas.
- 4.3 LA officers will undertake more detailed reviews of the statements submitted over the next few weeks with a view to issuing guidance on areas of potential improvement for schools to consider in their 2014-15 submissions. Individual Governing bodies will be made aware if any major discrepancies in judgement come to light arising from the detailed review of 2013-14 submissions.
- 4.4 Evidence to support some questions will be monitored as part of the LAs on-going statutory role. For example;

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- Question 9 asks “Does the school make a forward projection of budget, including both revenue and capital funds, for at least 3 years, using the best information?”
- Question 10 asks “Does the school set a well informed and balanced budget each year?”
 - The LA issued templates to all schools in March which were due to be received by 30th June which will provide appropriate evidence that both the above are actually undertaken
- Question 14 asks “Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balances at the end of each year?”
 - This information will be challenged / verified when the school balance surveys are returned

4.5 The LA may request all or selected schools to submit specific evidence to confirm some areas of the SFVS. For example

- Question 2 asks “Does the governing body have a finance committee (or equivalent” with clear terms of reference?”)
- Question 4 asks “Does the governing body receive clear and concise monitoring reports of the schools budget position at least three times a year?”
- Question 12 asks “Does the school benchmark its income and expenditure annually against that of similar schools and investigate further whether any categories appear to be out of line?”
 - By requesting supporting evidence from all schools on selected themes it should be possible to share best practise across the Borough. Alternatively the LA could request information from selected schools where for example their balances were low. The DfE guidelines recommend appending evidence relating to responses via a hyperlink. Only one of the Swindon schools returns adopted this method and this will be a recommended approach for next year.

4.6 Key findings from the detailed review of 2013-14 submissions will be reported to the October 2014 Schools Forum.

5. Alternative Options

5.1 There are no alternative options presented in this report.

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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".

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