

Schools Financial Value Standard Returns

Schools Forum

Date: 17th March 2015

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Wards:	All
Locality Affected:	All
Parishes Affected:	Al
Settings Affected:	All LA maintained schools

1. Purpose and Reasons

- 1.1 To update Schools Forum members on the findings from the review of the 2013/14 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- 3.1 The new Schools Financial Value Standard (SFVS) is in its second year of operation (having superseded the former Financial Management Standard in Schools assessment which was subject to external verification and withdrawn by DfE in November 2010).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 are required to complete the SFVS once a year. All Swindon maintained schools completed and submitted their 2013/14 SFVS assessment to the local authority by 31st March 2014.
- 3.2 The SFVS has been designed by the DfE with schools to help them in managing their finances and to give assurance that they have secure financial management in place.
- 3.3 Governing bodies have a formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors.
- 3.4 The standard focuses on five main areas:
- The Governing Body and School Staff
 - Setting the budget
 - Value for money

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- Protecting public money
 - Outcome of the self-assessment
- 3.5 The requirements and expectations of Governing bodies 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 overall 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 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.
- 3.7 Local authorities are required to fill out the dedicated schools grant (DSG) chief financial officer (CFO) assurance form every year to cover all the maintained schools in their area.
- 4. 2013/14 Review / Actions / Proposals for future returns**
- 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. 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.
- 4.3 Reviews have been undertaken on all returns and the findings have been 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. The LA would refer Governors to the DfE. website where guidance on the evidence that should be considered when completing these forms. This guidance will help ensure that school staff have provided the information that the governing body needs to complete the self-assessment return and to be assured that their mandatory obligations have been fulfilled. It will enable Governors to more easily identify weaknesses or areas for challenge.
- 4.4 The following points will form the main part of LA guidance:
- The governing body may delegate the consideration of the questions to finance or any other relevant committee, but a detailed report should be
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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.

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provided to the full governing body and the chair of governors must sign the completed form.

- The signed form together with the completed return should be submitted to the LA as evidence of presentation to the governing body.
- Answers to all 23 questions should be given. Where a question is answered “No” or “In Part” the school should provide a very brief summary of the position and proposed remedial action with an expected delivery date.
- In the area where “comments, evidence and proposed actions” are entered, comprehensive answers should be given and supporting evidence (external files) should be embedded into the document. Examples where answers are just “Yes” do not provide the necessary assurance for the governing body or the LA. It is important all governors are confident about all the responses.
- In Section E (Summary of agreed remedial action and timetable for reporting back), governors or management committees should summarise remedial actions and the timetable for reporting back. Governors or managing committees should ensure that each action has a specified deadline and an agreed owner. Governors or management committees must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

4.5 The basis for best practice follows the LA assessment of all completed answers from last years submitted returns. In particular the following questions contained weak answers or lacked detailed evidence.

- Question 4 - Does the governing body receive clear and concise monitoring reports of the school’s budget position at least three times a year? Answers should provide at a minimum, dates of such meeting and also evidence of challenge by governor’s, by way of minuted records.
- Question 7 - Does the school review its staffing structure regularly? Answers should be expanded to state when reviews took place, with embedded staffing structures and Governor minutes relating to this area.
- Questions 8 – 11 –category “Setting the budget”. These questions require more embedded evidence within each answer, specifically assumptions applied to the three year budget, e.g. pupil growth assumptions, school staffing structures, records of challenge by governors and action plans made for perceived shortfalls in revenue.
- Question 12 - Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any

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category appears to be out of line? Tangible evidence of bench marking was not embedded in the document and minutes of reports presented to governing bodies not supplied.

- Question 13 - Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money? The financial management policy and procurement examples should be embedded in the document.
- Question 17 - Can the school give examples of where it has improved the use of resources during the past year? Details of examples of improvements could be expanded,
- Question 23 - Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? Business Continuity Plans and asset registers should be embedded in the return.
- Summary of remedial action and timetable – outcomes from last year should be presented as complete and individuals/committees should be assigned to future requirements/actions.

4.6 The next SFVS returns will be reviewed with regard to the considerations above.

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.

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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