National Governance Association

The expert organisation for school governors, trustees and governance professionals

Visible Governance in schools

Financial oversight in challenging times

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www.nga.org.uk

Welcome and housekeeping

- NGA webinars are 30-40 minute lectures, rather than seminars or networking opportunities – other NGA events do the latter free for our members
- Please submit any questions and comments via Chat function & we will answer them by email after the webinar
- You will be muted
- You will be sent the slides (with links to the resources we mention)
- This is being recorded and will be made available shortly afterwards via our website – please do share with others, especially those who take a lead in recruitment & development: https://www.nga.org.uk/News/Webinars.aspx

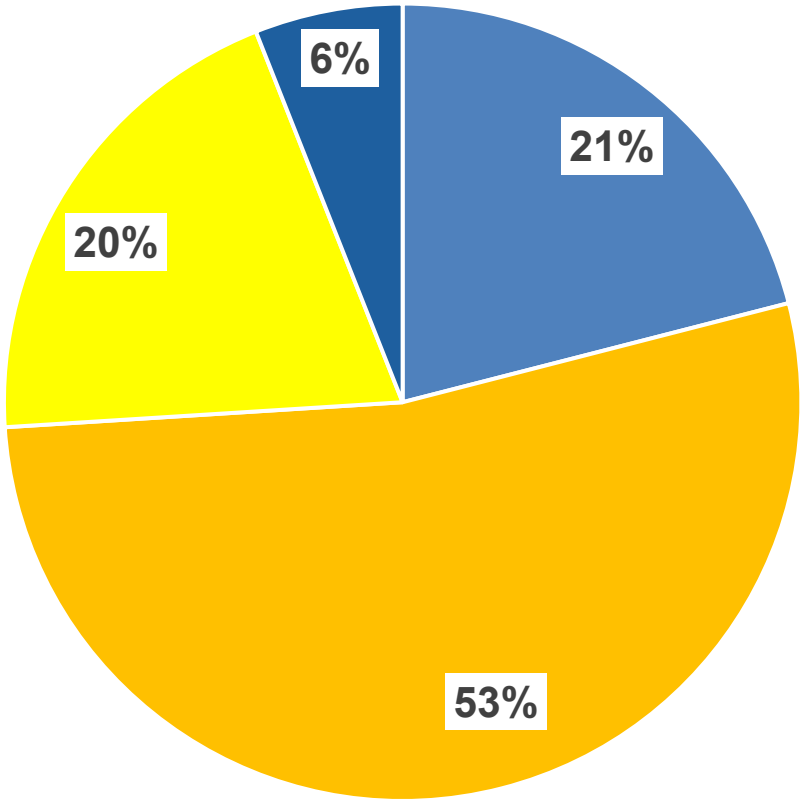
Thank you for what you do for the pupils and the community

Purpose of this webinar

We will:

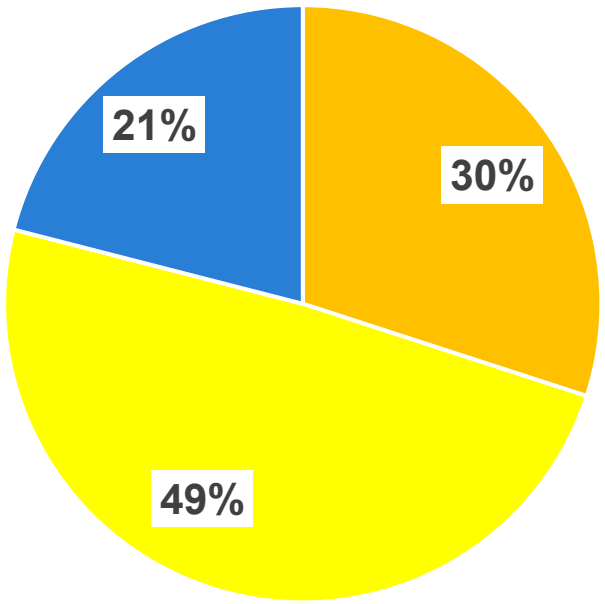
- Set out the current financial climate for schools and trusts
- Explore how governing boards are attempting to balance their budgets
- Highlight the principles of effective financial governance in all times

Financial position of schools/trusts



- We are able to balance income and expenditure, retaining a healthy surplus
- We are able to balance income and expenditure
- We are unable to balance income and expenditure without drawing on surplus from previous years
- We are unable to balance income and expenditure without licensed deficit from the local authority/loan from ESFA

Medium to long term position (3-5 years)



Measures that schools and trusts are likely to take in the next 3-5 years to ensure financial sustainability

- Reviewing contracts for the supply of goods and services
- Income generation strategy
- Collaborate with other school
- Staff restructure
- Reduce spending on infrastructure

An escalation of the issues - the perfect storm

- A significant decline in real terms funding arising from inflation
- Spiraling energy costs
- No additional funding to cover essential pay increases for teachers and support staff
- Significant additional financial burdens to support children and families living in increasing poverty

The Autumn statement

- Schools will get an extra £2.3 billion in 2023-24 and 2024-25
- £2 billion is new money coming into the DfE
- Per pupil funding will rise on average by over £1000 by 2024-25, compared to 2021-22
- However, the additional funding will only restore real-terms, per-pupil funding to what it was in 2010
- Capital funding increases from £6.3 billion to £7 billion in 2023-24, before reducing to £6.1 billion in 2024-25
- £500 million capital funding pot for energy saving projects

Actions to balance the budget



- Admissions
- Self-generated income
- Grants and donations

- Staffing
- Curriculum resources
- Energy



What if no further savings/revenue can be made?

Clarify the school or trust's financial position

- Ensure data is reliable and accurate
- Ensure assumptions are realistic
- Understand key financial opportunities and risks
- Consider options appraisals to identify the most appropriate actions to take

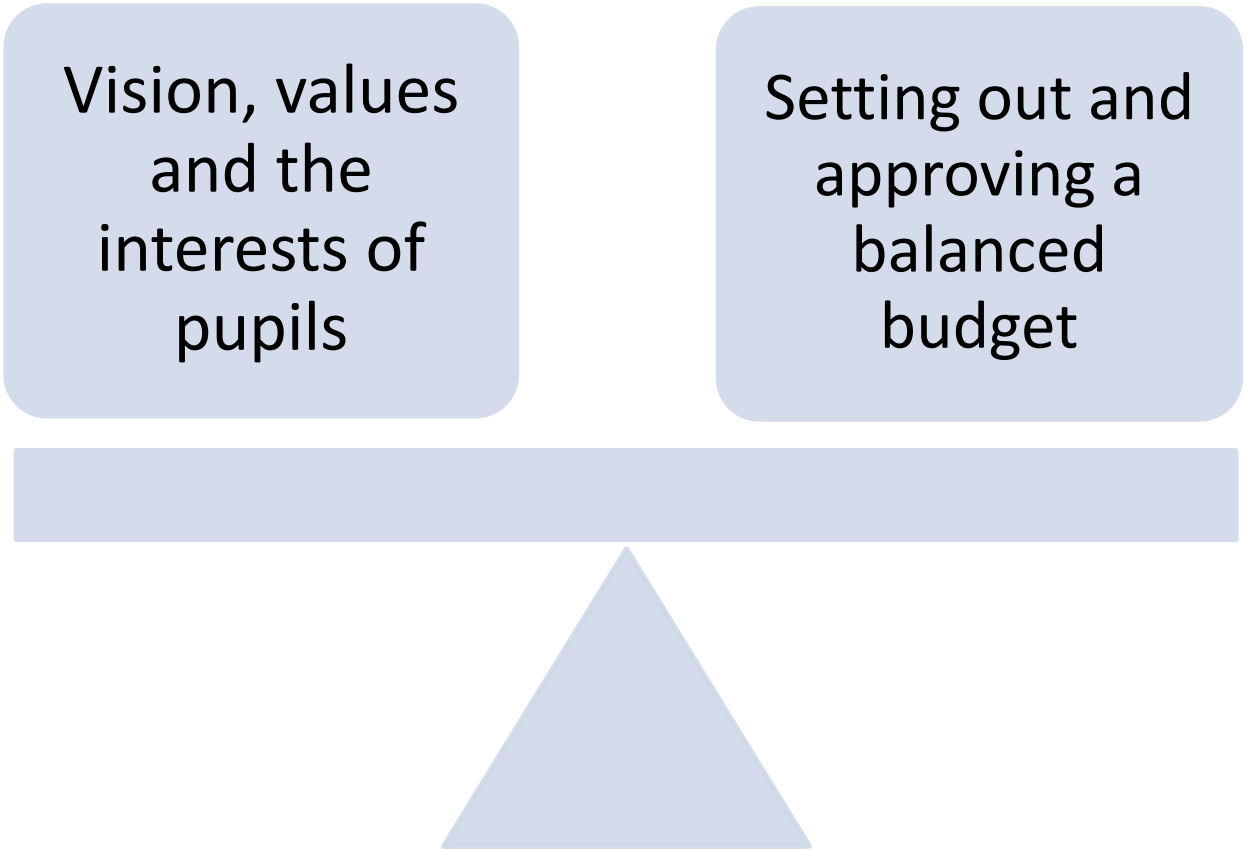


Recent NAHT survey

- Two thirds (66%) say they will have to make teaching assistants redundant or reduce their hours
- Half (50%) say they are looking at reducing the number of teachers or teaching hours.
- 58% predict reducing investment in equipment for the school, e.g., IT equipment
- 56% predict reducing maintenance and/or capital spending

View: NAHT News

Achieving a balance



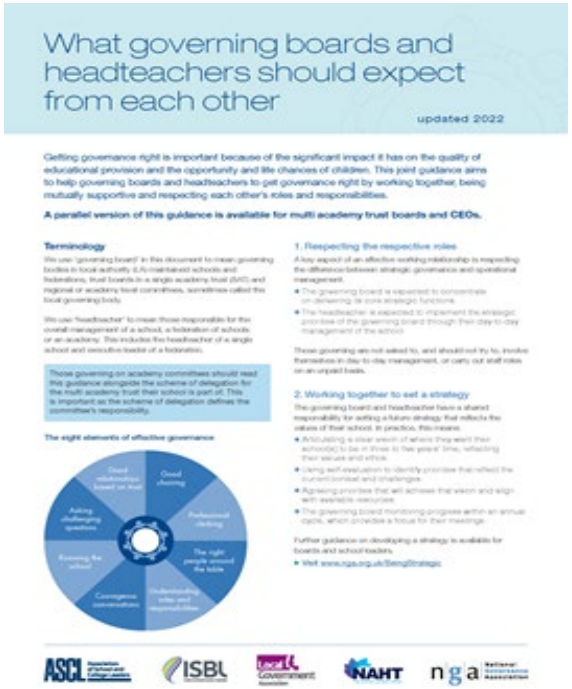
Fundamental aspects of financial oversight remain

- Analysing budget forecasts for the current year and beyond
- Aligning spending decisions with strategic priorities and the funding available
- Approving a balanced budget
- Routine monitoring of accounts and budget reports
- Assessing value for money in spending decisions
- Routine monitoring of compliance with relevant rules and regulations
- Reviewing financial policies and procedures
- Risk management routines
- Taking immediate and corrective actions as necessary to maintain financial viability and compliance

Governance skills and knowledge

The board collectively	Individual governors and trustees
• Audit skills and experience on the board • Targeting recruitment of individuals with relevant skills and experience e.g. school business professionals at other schools • Appropriate induction • Training for the whole board and committees • Succession planning e.g. identify potential finance committee members • Make the most of information, tools, training and guidance available from the DfE • Make the most of resources available in the financial governance area of NGA's Knowledge Centre	• Using their skills audit to help identify future learning and training needs • E-learning: ❖ Strategy ❖ Resource management ❖ Financial oversight and compliance ❖ Integrated Curriculum and Financial Planning • Special responsibility roles • Shadowing opportunities

School business professionals





"The governing board is expected to understand the role of the business professional, the professional standards they adhere to and recognise their contribution to financial and governance compliance and risk management. The governing board is encouraged to champion business professionals working at all levels and to promote the benefits of business and governance working seamlessly together."

Renewed focus on

Generating income	Optimisation	Financial efficiencies
Attract more pupils/students Grants and partnerships Innovation	Processes for recovering income Integrated curriculum and financial planning Procurement practice Facilities management Energy consumption	Staffing structure and posts Curriculum and resources CPD All areas where savings can actually be realised

Staffing – the greatest proportion of the budget

Challenge and test:

- *The staffing structure*
- *Responding to resignations*
- *The proportion of the budget spent on the leadership team*
- *Advantages of scale and structure*
- *Invest to save*
- *Recruitment costs*

Procurement and reducing spend

- Increasing procurement capacity in your school or trust
- Making the most of the DfE ‘Get help buying for schools’ service and approved frameworks
- Focus on contract management
- Collaborate

Knowledge Centre resources

Visit: www.nga.org.uk/Knowledge-Centre/Finance.aspx



- ICFP allows schools and trusts to design a curriculum that is affordable and sustainable
- This guide covers how ICFP works in practice, providing a broad outline of the stages involved

- Effective procurement helps schools and trusts to achieve value for money and drive-up pupil outcomes.
- This guide will help boards ensure that every purchase secures good value for money and follows a fair process

Upcoming events

31 January 2023	Local Academy Committee Governance Leadership Forum	16:30 – 18:00
02 February 2023	Maintained Schools Governance Leadership Forum	16:30 – 18:00
07 February 2023	SAT Governance Leadership Forum	16:30 – 18:00
09 February 2023	MAT Governance Leadership Forum	16:30 – 18:00

Register for your place at our events here - https://www.nga.org.uk/News/Events.aspx

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Thank you for attending

Stay in touch:

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