

Committee:	School Forum
Meeting Date:	21 May 2015
Title:	Schools Financial Value Standard (SFVS)
Author:	Carole Murton
Decision making / consultative / information:	Information

What is the Forum being asked to decide?

1. Forum is asked to note the 2014 SFVS summary, the 2012-2014 overview and the changes for 2015.

Reason for recommendation

2. 2014 was the third consecutive year that all Suffolk maintained schools and PRUs were required to complete the DfE's mandatory Schools Financial Value Statement.

Alternative options

3. Not applicable

Who will be affected by this decision?

4. All maintained schools and PRUs.

Throughout this document 'schools' should be taken to mean *maintained schools and maintained PRUs* and 'governing body' should be taken to mean *governing bodies and management committees of maintained schools and maintained PRUs*.

Main body of the Report - Background

5. The DfE first introduced the Schools Financial Value Standard (SFVS) in 2011 and it became a mandatory requirement for all local authority maintained schools in 2012 and Pupil Referral Units (PRUs) in 2013. Local authorities are required to formally report on compliance with SFVS to the DfE annually. Suffolk PRUs submitted assessments in 2012 in line with schools although this data was not reported to the DfE.
6. The SFVS is designed to help schools in managing their finances and to give assurance that they have secure financial management in place. The Standard is primarily aimed at governing bodies and management committees as they have formal responsibility for financial management.

7. The DfE directed local authorities to include the requirement for schools and PRUs to complete the SFVS annually and submit a signed copy to the local authority in their Schemes for the Financing of Schools. [The Suffolk Scheme for the Financing of Schools](#) (Scheme) requires schools to submit the SFVS to the local authority by 31 December each year.

2014 SFVS Summary and 2012-2014 Overview

8. The SFVS has contained the same 23 questions since 2012; the DfE expects governing bodies and management committees to formally discuss their school's self-evaluation against each question with the Headteacher and senior staff. The DfE has provided a series of support documents to assist governing bodies and schools to understand the Standard.
9. The DfE requires local authorities to check that the SFVS returns are correctly completed and have been discussed by the whole governing body and signed by the chairman.
10. In the initial first two years the Schools' Accountancy Team accepted e-mailed copies of the completed SFVS, supported by additional evidence that the SFVS had been discussed by the full governing body and signed by the chairman. Unfortunately, in excess of 60% of submissions failed to pass all the required checks first time; this resulted in additional work for schools and the Team and, in some cases, for governors where additional meetings had to be held.
11. The Schools' Accountancy Team changed the process for 2014; schools were advised that only signed hard-copy SFVS returns would be accepted and that the outcomes of the change would be assessed prior to the 2015 process being announced. Evaluation of the 2014 returns show a significant improvement in first time submissions with only a 30% fail rate; therefore the requirement to submit signed hard-copy will continue for 2015.
12. The Schools' Accountancy Team's evaluation of 2014 submissions also showed that 70% of submissions were sent by schools in the four weeks immediately prior to the 31 December 2014 deadline. 35 schools missed the deadline and one school was granted an extension due to extenuating circumstances; however all schools had successfully submitted their returns, or qualified for a DfE exemption, by 31 March 2015.
13. For the first time in 2014 Suffolk was able to report 100% compliance by 31 March to the DfE. In 2013 there was one non-compliance, and in 2012 there were 14 non-compliances.
14. Suffolk County Council's Internal Audit team have been provided with information relating to each school's 2014 SFVS return. The information will be used to help inform the 2015 Audit plans. Schools' Choice will be provided with a summary of the 2014 responses from all schools to the 23 questions as this may help identify training requirements for schools, a copy of the summary is included in Annex A, Annex B contains a breakdown of the SFVS answers across the past three years.

Changes for 2015 – DfE requirements

15. In January 2015, the DfE consulted on including an additional three questions at the request of the School Teachers' Review Body (STRB) following the increased pay freedoms now afforded to schools and governing bodies. The STRB believe that, by adding questions relating to schools' pay decisions to the SFVS, LA maintained schools will be further encouraged to give yearly regard to their pay considerations, in the same way academies do for their annual audit.
16. The three questions consulted on were:
 - Have your pay decisions been reached in accordance with a pay policy based on clear performance criteria?
 - Where necessary, or appropriate, has the use of professional independent advice informed part of the pay decision process?
 - When making pay decisions, has consideration been given to wider context, e.g. pay in schools with similar circumstances or other benchmarking data?

The outcomes of the consultation resulted in two new questions being added to Section A: *The Governing Body and School Staff* in the 2015 SFVS as follows:

- Have your pay decisions been reached in accordance with a pay policy reflecting clear performance criteria?
- Has the use of professional independent advice informed part of the pay decision process in relation to the headteacher?

All subsequent questions in the 2015 SFVS have been renumbered accordingly.

17. The DfE has also updated the certification section of the SFVS form so that it now includes fields to enable schools to evidence all the additional elements that the DfE requires local authorities to check, such as date of the full governing body meeting/management committee. This update means that the Schools' Accountancy Team will no longer need to offer schools an alternative Suffolk SFVS template.

2015 – local authority requirements and recommendations

18. The requirement for maintained schools and PRUs to complete the SFVS is set out in the [Suffolk Scheme for the Financing of Schools](#). The deadline for submission of the 2015 SFVS to the Schools' Accountancy Team is 31 December 2015. Any governing body failing to meet this deadline will be sent an official warning letter. A Notice of Financial Concern may be issued to any school failing to successfully submit the 2015 SFVS by 31 March 2016.
19. All schools will need to use the DfE 2015 SFVS template containing 25 questions. Schools will again be required to submit a signed hard-copy of their SFVS; e-mailed copies will not be accepted.
20. An LMS Document setting out the 2015 requirements will be issued to all Headteachers and Chairs of Governors in the early 2015 financial year. The letter will also include advice to assist schools to submit their signed SFVS successfully.

Schools will also be advised to consider their 2015 SFVS timetable carefully to ensure that they have allowed sufficient time to complete the assessment, hold their full governing body meeting and submit their signed SFVS in advance of the 31 December 2015. They need to ensure that there is some leeway to undertake any further work that may be required if the submission fails the initial checks carried out by the Schools' Accountancy Team.

Annex A

SFVS 2014: LIST OF QUESTIONS (Responses from 252 schools/PRUs)	Schools answering No/In-Part
A: The Governing Body and School Staff	
1. In the view of the governing body itself and of senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?	24.6%
2. Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?	28.2%
3. Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field?	22.2%
4. Does the governing body receive clear and concise monitoring reports of the school's budget position at least three times a year?	5.2%
5. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?	15.1%
6. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, e.g. on sick leave?	18.3%
B: Setting the Budget	
7. Does the school review its staffing structure regularly?	5.6%
8. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?	34.5%
9. Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?	4.4%
10. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?	3.2%
11. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?	1.6%
C: Value for Money	
12. Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?	12.7%
13. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	23.0%
14. 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?	4.8%
15. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?	12.7%
16. Does the school consider collaboration with others, e.g. on sharing staff or joint purchasing, where that would improve value for money?	2.0%
17. Can the school give examples of where it has improved the use of resources during the past year?	4.8%
D: Protecting Public Money	
18. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?	32.9%
19. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers (please note any instance of fraud or theft detected in the last 12 months)?	26.2%
20. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?	7.1%
21. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?	2.8%
22. Does the school have adequate arrangements for audit of voluntary funds?	4.8%
23. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?	47.2%

Percentage of schools answering questions as 'No' or 'In-Part':

	2012	2013	2014
Question	%	%	%
1	18.2%	22.9%	24.6%
2	14.4%	20.7%	28.2%
3	16.1%	15.4%	22.2%
4	2.1%	5.0%	5.2%
5	7.2%	15.7%	15.1%
6	8.6%	11.4%	18.3%
7	7.5%	6.1%	5.6%
8	25.0%	36.8%	34.5%
9	11.6%	6.8%	4.4%
10	1.7%	3.9%	3.2%
11	1.7%	6.1%	1.6%
12	15.4%	19.3%	12.7%
13	6.8%	13.2%	23.0%
14	5.1%	10.0%	4.8%
15	13.4%	12.5%	12.7%
16	5.5%	2.1%	2.0%
17	9.6%	6.4%	4.8%
18	14.0%	26.4%	32.9%
19	8.2%	15.7%	26.2%
20	1.7%	10.7%	7.1%
21	2.4%	2.9%	2.8%
22	2.4%	4.6%	4.8%
23	58.9%	47.1%	47.2%

Percentage of schools answering 'Yes' to all 23 questions:

	2012	2013	2014
100% Yes	22.3%	22.1%	23.0%