

Committee:	School Forum
Meeting Date:	22 October 2015
Title:	Update on School Monitoring
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Decision making / consultative / information:	Information

What is the Forum being asked to decide?

1. The Forum is being asked to note the Schools' Accountancy Team's summary of recent monitoring of maintained schools and PRUs.
2. To note the trend in unspent balances held by maintained schools/PRUs and the balances held by schools that are not good or outstanding.
3. To note the good response rates with SFVS and PCI DSS compliance.
4. To note that a trial is underway to improve the awareness of Headteachers and LA managers each time a new LMS Document is issued.

Reason for recommendation

5. To inform Forum members on the outcomes of the recent work of the Schools' Accountancy Team and on the direction of travel for the future.

Alternative options

6. n/a

Who will be affected by this decision?

7. All maintained schools and PRUs

Main body of the Report - Background

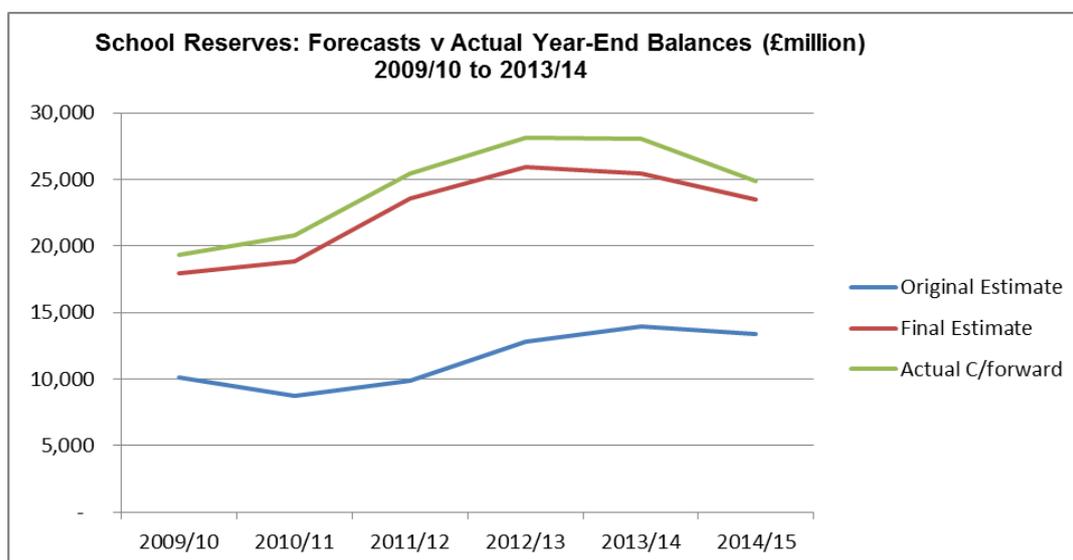
Monitoring Summary:

8. The environment within which schools operate has significantly changed in recent years and, as a consequence, the Schools' Accountancy Team has seen the perceived risks of schools shift from those unable to set acceptable recovery plans to schools which may convert under sponsor arrangements.
9. There are two situations where a school's deficit balance may pass to the Authority and cannot be recovered:
 - a) Where a school secures an academy sponsor and converts with a deficit balance. The deficit cannot be passed on to the successor academy or the sponsor.
 - b) Where a middle school closes with a deficit

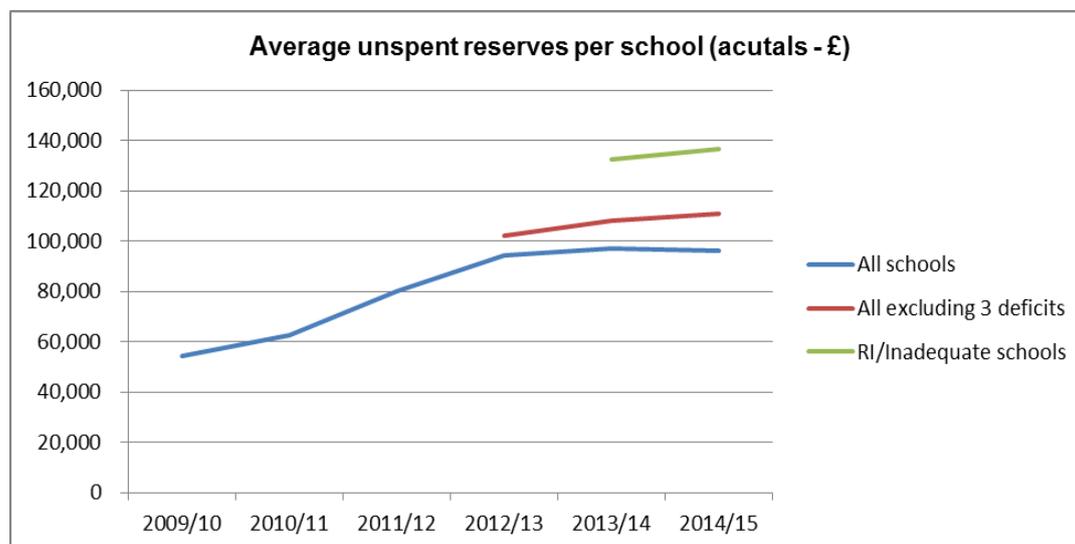
10. These situations present a significant risk to the Authority and the Schools' Accountancy Team's monitoring and interventions have been reviewed and revised in order to prioritise the elimination or reduction of deficits prior to closure/conversions.
11. The strategic financial plan toolkit was revised to integrate it into the 2015-16 budget plan toolkit. The new format was similar to the budget plan and was welcomed by schools due to its familiar layout.
12. The Schools' Accountancy Team received 240 new style strategic financial plans during the summer term, 26 plans indicated deficit balances for both 2016-17 and 2017-18.
13. An examination of the 26 deficit strategic plans identified that 11 schools had incorrectly stated the value of unspent funds brought forward to 2015-16 which affected their 2016-17 and 2017-18 forecast balances. Although some of the errors were of relatively low value it suggests that potentially up to 42% of the 240 strategic plans may have incorrect forecasts as a result of using an incorrect 2014-15 carryforward figure.
14. The Schools' Accountancy Team will issue an LMS letter to all maintained schools and PRUs during autumn 2015 to remind them to revisit and revise their strategic plans. The letter will highlight the need to ensure that the correct 2014-15 carryforward figure is used.

Unspent maintained school/PRU balances:

15. Unspent balances held by all maintained schools and PRUs have sharply risen in recent years and the trend to underestimate the carryforward has continued.



16. The actual carryforwards have risen from an average £55k per school in 2009-10 to an average £97k per school by 2013-14. For the first time in 5 years, the average fell slightly in 2014-15 to £96k. However, the averages are distorted somewhat by a small number of significant deficits; if these are removed from the calculations the average per school actually increased slightly from £108k in 2013-14 to £111k in 2014-15.



17. Analysis of the balances held by the schools currently deemed Inadequate or Requires Improvement at their most recent Ofsted Inspection shows that their average balance held by these schools is significantly higher, the average rose from £133k in 2013-14 to £137k per school last year.
18. As at 22 September 2015 there were 53 schools that were not good or outstanding (most recent Ofsted inspection judgements). These schools collectively had £7.2m unspent funds carried forward at the end of 2014-15. This represented an average 10.8% of their total 2014-15 income (£137k per school) even though two of the 53 schools ended the year in deficit.
19. Schools' Accountancy Team and Education & Learning managers are exploring how schools may best use their resources to improve standards.

SFVS Compliance

20. The Schools Financial Value Standard has been designed by the DfE to assist schools in managing their finances and to give assurance that they have secure financial management in place. The governing bodies of local authority maintained schools are required to complete the SFVS once a year and Suffolk's Scheme for the Financing of Schools requires completed SFVS assessments to be with the Schools' Accountancy Team by 31st December each year. The local authority is required to report compliance with SFVS to the DfE by 31st March annually.
21. 45 schools met the DfE criteria for exemption. For the remaining schools 86% met the Suffolk 31 December 2014 deadline, the remaining 14% complied by 31 March 2015 resulting in 100% compliance being reported to the DfE. This was the first year that all schools complied with the regulation.

PCI DSS Compliance

22. The Payment Card Industry Data Security Standard (PCI DSS) was introduced to help improve cardholder data security and assist in the uptake of consistent data security measures internationally.

23. New procedures for reporting PCI DSS compliance to the local authority were introduced by the Schools' Accountancy Team in summer 2015. This resulted in a significantly better response rate with only one school failing to submit their compliance certificate by the end of the term.

LMS Letters – trial to improve communications for headteachers

24. LMS Documents are intended to ensure that important information is shared with maintained schools and PRUs. Historically schools were sent hard-copy, this was replaced with e-mail copy and recently they have only been published on-line ([Suffolk Learning](#)) with schools being notified via Schools' Choice FAQs.
25. The Schools' Accountancy Team is concerned that Headteachers may be missing important announcements in the LMS Documents. In order to try and identify improvements for schools a trial is being held where a notification will be e-mailed to schools each time a new LMS document is released; the e-mail will inform the school of the subject of the LMS Document and contain a hyperlink to Suffolk Learning . The trial will last for a set number of issues and schools will then be asked to complete a Survey Monkey to confirm if they wish the notifications to become a permanent feature.