

Date: 25 June 2015
Enquiries to: Schools' Accountancy Team
Tel: 01473 265626
Email: sat@suffolk.gov.uk



To: Headteachers and Chairs of Governors of Maintained Schools and PRUs

**LMS Document
No. 2015/21**

Dear Colleagues

2015 SFVS REQUIREMENTS AND TWO NEW QUESTIONS ADDED BY THE DfE

This letter contains a summary of 2014 SFVS submissions, details of the two new questions added by the DfE and the arrangements for 2015 submissions.

2014 SFVS submissions

I am pleased to inform you that, for the first time, the Local Authority were able to report 100% SFVS compliance by 31 March 2015 to the DfE. However, 14% of schools failed to successfully submit their 2014 SFVS by the 31 December 2014 deadline which resulted in the Schools' Accountancy Team having to divert resources into working with these schools at a time when the Team needs to concentrate on issuing school budgets and year-end.

Further analysis of the 2014 submissions showed that 70% of submissions were sent by schools in the four weeks immediately prior to the 31 December 2014 deadline.

[LMS Document 2014/25](#) explained the rationale behind the change to only accepting signed hard copy submissions for 2014. Evaluation of the 2014 returns showed a significant improvement in first time submissions with only a 30% fail rate (it had been in excess of 60% in each of the previous two years). This fall indicates a reduced need for schools to complete additional work and, in some cases, a reduced need for governors to hold additional meetings. Therefore the requirement to submit signed hard-copy will continue for 2015.

We have compiled a list of the most common issues that required schools to undertake post-submission work, and these are set out against the appropriate DfE criteria in Annex A. We recommend that schools consult this list when completing the 2015 SFVS in order to avoid repeating these issues. Annex B is a summary of 2014 responses from schools to each of the 23 questions.

A Schools' Forum paper on SFVS was an agenda item for the meeting held on 21 May 2015. The paper gave brief details of the background to SFVS and an overview of 2012-14 which you may find interesting. The paper is available on [Suffolk Learning](#).

2015 SFVS

Schools and governors are reminded that Section 2.16 of Suffolk's [Scheme for the Financing of Schools](#) requires that the 2015 SFVS is submitted to the Schools' Accountancy Team by **31 December 2015**. This requirement applies to all maintained schools (including Highfield Nursery) and PRUs, except where an exemption is permitted by the DfE.

Governor responsibilities

The SFVS must be discussed by the full governing body/management committee, even where it has already been considered by a committee. We recommend that governors arrange for the 2015 SFVS assessment to be completed and presented as soon as possible and ideally before the October half-term, in order to allow sufficient time for additional work to be done and brought to a second meeting before the 31 December deadline if needed.

Governors are also responsible for monitoring the progress with the SFVS action plans (Section E). By now governors should have confirmed that the issues identified in the 2014 SFVS have been resolved, or be aware of the work still to do. Schools have now completed three annual SFVS assessments and Annex C includes a summary of Suffolk schools answering 'No' or 'In Part' to the 23 questions in the past three years. We recommend that you revisit the school's previous SFVS assessments to see if a pattern is emerging that needs to be addressed when completing the 2015 SFVS.

DfE changes for 2015

In January 2015, the DfE consulted on including an additional questions at the request of the School Teachers' Review Body (STRB) following the increased pay freedoms now afforded to schools and governing bodies.

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:

- 8) Have your pay decisions been reached in accordance with a pay policy reflecting clear performance criteria?
- 9) 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.

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.

Arrangements for 2015 SFVS

Arrangements for the 2015 SFVS remain unchanged, including the **31 December deadline**, with the exception of:

- Two new questions added (8 & 9), resulting in the original questions 8-23 being renumbered 10-25

- There will be no Suffolk SFVS template, schools must use the DfE's [2015 SFVS template](#)*
*the Schools' Choice SFVS Support Service template is also acceptable
- Details of schools successfully submitting the SFVS will be published on [Suffolk Learning](#). The Schools' Accountancy Team will refresh the data weekly in the Autumn Term and it is each school's responsibility to ensure that they have checked their submission has been recorded correctly.
- Federations with a single budget issued across two or more schools are only required to complete one SFVS assessment for the federation, the submission will be recorded against the 'Lead' school.

Full instructions relating to 2015 submissions are included in Annex D which should assist schools to submit their 2015 SFVS successfully first time. It is important that these instructions are followed carefully in order to avoid the school and governors having to do extra work.

Any school/PRU required to submit the 2015 SFVS and failing to do so successfully by 31 December 2015 could be subject to additional intervention measures; these could include the issue of a Notice of Financial Concern in extreme cases.

- The chair of governors or headteacher should contact the Schools' Accountancy Team at the earliest opportunity, and **before 27th November 2015**, if the school wishes to apply for an extended deadline.
- Extensions will only be granted in extenuating circumstances as schools and governors are expected to have contingency arrangements to cover situations such as absence/resignations of staff.

Support for schools

The Schools' Accountancy Team should be the first point of contact for any queries regarding the 2015 SFVS:

E-mail: sat@suffolk.gov.uk
Phone: 01473 265626

The [DfE's website](#) contains useful information which schools should find helpful when completing the 2015 SFVS. This includes support notes and additional resources.

Schools' Choice offer an optional one-day [SFVS Support Service](#) for schools wishing to purchase an in-depth, independent, assessment. This service assists schools in completing the documentation ready for final review and sign-off by governors.

Yours sincerely

Carole Murton
Service Accountant (Schools)

Most common issues resulting in incomplete 2014 SFVS submissions:

Issue resulting in additional work being required post-submission	DfE Criteria (as set out in the DfE's 2014 SFVS template)
Some questions not answered or Some pages missing	The Standard consists of 23 questions which governing bodies should formally discuss annually with the headteacher and senior staff The questions which form the standard are in Sections A-D. Each question requires an answer of 'Yes', 'In-Part', or 'No'
Comments column was blank for questions answered 'No' or 'In-Part' or 'N/A'	...sections A-D. Each question requires an answer of 'Yes', 'In-Part', or 'No' If the answer is 'No' or 'In-Part', the comments column should contain a very brief summary of the position and proposed remedial action
Section E was left blank even though some questions had been answered 'No' or 'In-Part'	In Section E, governors should summarise remedial actions and the timetable for reporting back
Not all specified actions in Section E had a specified deadline and an agreed owner	In Section E governors should ensure that each action has a specified deadline and an agreed owner
It was not clear that the SFVS had been presented to the full governing body	The governing body may delegate the consideration of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body....
It was not clear that the Chair of Governors had signed the SFVSand the chair of governors must sign the completed form

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%

Requirements for the 2015 SFVS

What schools and governors must ensure:

1. Agree a timetable that will ensure that the 2015 SFVS submittal can successfully meet the **31 December 2015 deadline**
2. **Use the DfE's [2015 SFVS](#) template***
*the Schools' Choice SFVS Support Service template is also acceptable
3. **The name of the school and the school numbers must be clearly recorded on the 2015 SFVS**
4. **All 25 questions must be answered 'Yes', 'In-Part' or 'No'**
Question 24 may be answered 'N/A' where a separate School Fund does not exist, in which case the comments box should indicate the year the Fund closed.
5. Any question answered 'No' or 'In-Part' should have appropriate narration against it to indicate the *evidence* and *proposed actions*.
6. **For every question answered 'No' or 'In-Part' make sure that there is an identifiable action included in Section E** which is clearly cross-referenced back to the question.
7. **There must be an owner and a deadline for each action included in Section E.** The owner must be specific and identifiable.
8. **The chair* of governors must sign and date the completed 2015 SFVS.**
The name of the chair must be clear
**The chairman's responsibility can only be delegated to the vice chair under extenuating circumstances*
9. The date the 2015 SFVS was **agreed by full governing body/management committee** must be clear
10. The school must indicate the date that the 2015 SFVS was posted to the Schools' Accountancy Team
11. **All pages must be securely stapled together.** Schools should ensure that no pages are missing.
12. **A hardcopy of the complete, signed 2015 SFVS must be sent to the Schools' Accountancy Team and posted before 31 December 2015.** The envelope must be marked as follows:
Private & Confidential
Schools' Accountancy Team
3rd Floor, Constantine House
5 Constantine Road
Ipswich, IP1 2DH
Electronic copies will not be accepted