

NEWTOWN PRIMARY SCHOOL

Beginners' Guide to School Finance

The Governing Body oversees the financial performance of the school and makes sure its money is well spent.

The headteacher, working with the Bursar, is responsible for the day to day financial management of the school. They make regular reports to the governing body;

- ❖ Our Strategic Cycle Chart sets out the big picture of the budget cycle and how it relates to school improvement.

<http://www.newtownprimaryschool.co.uk/assets/Governor-files/Strategic-Cycle-Chart-2014.pdf>

- ❖ The Annual Cycle of Business shows the key actions which full governors and the Resources Committee undertake over the year.

<http://www.newtownprimaryschool.co.uk/assets/Governor-files/Annual-Cycle-of-Business.pdf>

The School Budget

The headteacher, with the bursar, draws up the proposed budget for consideration by the governing body.

We set a three year budget i) which support the priorities in the School Development Plan; ii) which includes detailed information; iii) which looks beyond one financial year; iv) which manages on-going pressures and reflects good practice.

The Governing Body must approve the budget each year. The Resources Committee deals with the detail of the budget and then recommends it for approval at a Full Governors Meeting.

There is training available in School Finance to help you understand our statutory responsibilities and how to manage the budget effectively.

Ensuring Value for Money

'Value for money' means achieving the best education for children in relation to budget spent on the school. Handbook for Governors, January 2015

We now use an **Efficiency Tool** to help us scrutinise aspects of our spending: for instance procurement and how much we spend on specific areas. This helps us see where we could save money or spend money more effectively. It also gives us a guide to which parts of our activity we need to benchmark.

Benchmarking

This is where each year we compare our spending with similar schools. There is a government website which helps us do this. Because we are a small, inner city school with Victorian buildings this comparison can only give a rough comparison.

Schools Financial Value Statement (SFVS)

We complete a SFVS each year to make sure our procedures meet statutory requirements; that we are keeping a close oversight of the school's finances and that we have evidence for this.

The Local Authority and its auditors will check our Financial Value Statement and make recommendations if we need to do things better.

Our Skills

All governors complete a skills audit every year. The chair of governors and the chair of Resources must complete an audit of their financial expertise to ensure that they have the skills to carry out their responsibilities; it also identifies training needs.

Personal Liability

As governors, we are not personally liable for anything which we do 'in good faith' when we make financial decisions or when we delegate spending decisions to the headteacher.

*You can read a fuller account of governors' financial responsibilities in **The Handbook for Governors** (on our website). The following is an extract from that Handbook.*

Governors must:

- cooperate with the audit regime set by the local authority;
- use financial controls which meet local authority requirements;
- seek to achieve value for money, for example by following local authority tendering requirements;
- hold the school senior leadership team to account for expenditure;
- submit an annual budget plan and provide monitoring data;
- complete a Consistent Financial Reporting return annually;
- keep an up-to-date register of business interests for all governors (this will be on the website from September 2015);
- maintain a fixed asset register;
- comply with local authority rules for unusual payments such as write-offs and severance payments.

In order to meet these requirements governing bodies need to:

- assure themselves that the school keeps accurate accounting records;
- manage the school budget and agree expenditure in a way that meets local authority requirements for financing schools within the financial year;
- decide how far to delegate to the headteacher their powers to spend the delegated budget. They should set the financial limits of this delegated authority;
- determine the staff complement and a pay policy for the school
- make sure no governor, employee or related party has benefited personally from the delegated budget, other than under agreed arrangements such as a contract of employment;
- make sure the schools' assets are under their control and measures are in place to prevent losses or misuse.