

# Financial Governance & Reporting

16<sup>th</sup> February 2022

# Introduction & purpose of this session ...

- This is not statutory training .. but sharing of experiences across EPA, from in the sector & beyond
- Opportunity to explore best practice
- Understand where, and why, things go 'wrong' in finance
- Awareness that 'failings' always have some connection to weak training, leadership & governance
- Developing a strong collective team at all levels of EPA

# Governance Issues ...

1. Governors who don't generally offer challenge or monitor as the school is highly successful ... some statutory matters get missed
2. Governors who don't ask questions as the Head is working 'flat-out'
3. Governors who think the 'Finance governor'/Chair 'deals with it' or via a sub-committee
4. When Finance is the last item before AOB

# THE CHALLENGE

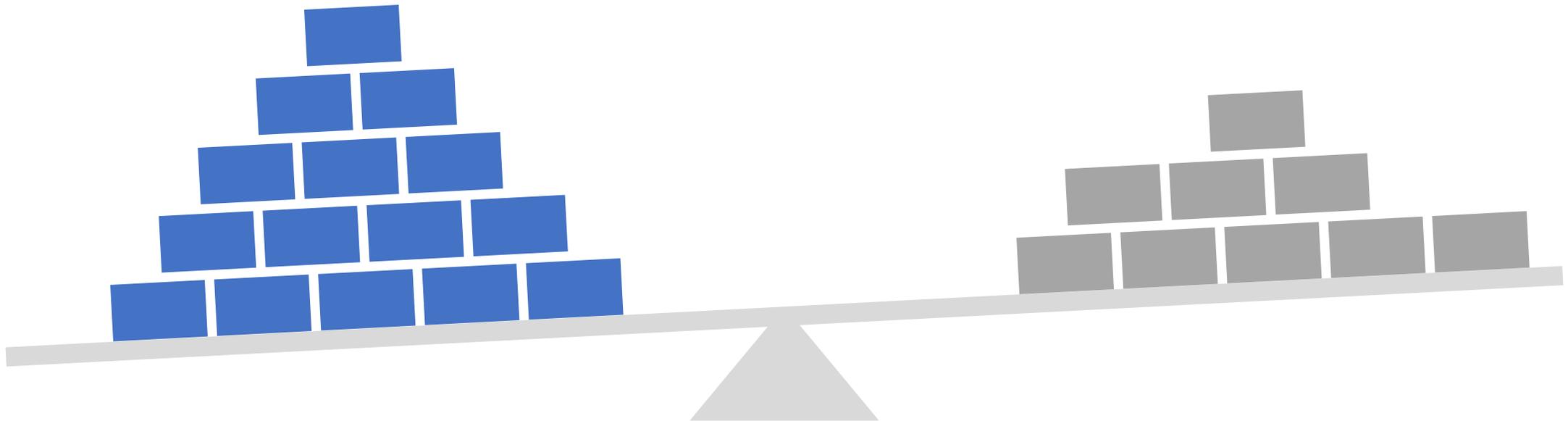
Anybody can run an Outstanding school

# THE CHALLENGE

Anybody can run an Outstanding school  
– the challenge is to do it with the funding available

AN OUTSTANDING SCHOOL

FUNDING AVAILABLE



# Ros Avery - my background ...

- Professionally qualified with Big4 firm – Fellow of Institute of Chartered Accountants (FCA)
- Over 20 years at Finance Director/CFO level in international organisations
- Chief Finance Officer at EPA Trust for 4 years (statutory role)
- Over 25 years of governance in public and charity sector, including trustee of an academy trust (SAT where my children attend)
- Over 40 years of volunteering
- Non-executive director of NHS Oxfordshire (PCT Chair of Finance and CCG Audit Chair)
- My partner is chair of academy and trustee of an Oxfordshire academy trust.

# What does Academy Handbook 2021 say ...

*Overseeing the financial performance of the school and ensuring that funding is well spent.*

*Achieve the best possible educational and societal outcomes for pupils through ensuring value for money by:*

- The economic, efficient and effective use of resources
- The avoidance of waste and extravagance
- Prudent and economical administration

# What does EPA do ?

- Appoints the CFO (a statutory role required by ESFA)
- CFO acts as Company Secretary (also statutory role)
- Develop Financial policies and internal controls
- Facilitate the Budgeting process
- Manage external audit (documents, queries, visit)
- Prepare and submit Annual Report and Accounts
- Prepare reports for DFE/ONS/Companies House/pensions
- Financial monitoring – management accounts
- Internal audits of schools (purchasing, inventory, )

# What does EPA do ?

- Procurement for major purchases e.g. capital developments, outsourcing contracts
- Value for Money reviews
- MAT-wide grant applications
- All EPA orders/invoices processing, payments (£100,000 per week), payroll (£1m per month)
- Arrange insurance, banking
- Approve Teachers and Support staff pay policy

# When things go wrong ...

Year	2021	2022	2023	2024	2025	2026	2027	2028	
R	60	30	30	30	35	45	50	60	
1	60	55	30	30	30	35	45	50	
2	60	55	52	30	30	30	35	45	
3	60	55	52	52	30	30	30	35	
4	60	55	52	52	52	30	30	30	
5	60	60	55	52	52	52	30	30	
6	60	60	60	52	52	52	52	30	
Total	420	370	331	298	281	274	272	280	
Income £m	1.890	1.890	1.665	1.490	1.341	1.265	1.233	1.224	
Change		0	-225k	-175k	-149k	-76k	-32k	-9k	

# When things go wrong ...

1. Lack of scrutiny when preparing the budget
2. Changes to staffing not communicated (retirement, keeping on TAs)
3. Overtime claims out of control (pre-authorise, systems)
4. Staff absence not monitored or unmanaged
5. Managed staff absences
6. Restricted funds used for core activities (pupil premium, Covid) and conditions not met
7. Lack of understanding of financial support available for ECHP/SEN children (funding not applied for/staffing costs exceed funding)

# When things go wrong ...

8. Non-statutory income doesn't cover activities (catering, trips, wraparound care, clubs, gym, nursery)
9. Parental/community pressure
10. 'Savings to be found' in budget
11. Use of reserve for recurring expenditure
12. Building projects and 'Emergency' repairs
13. Governors used for works in school
14. Seasonalised timing of income and expenditure
15. Undue focus on wish-list

The fundamentals ...

# Prevention .... warning signs

## Leadership

- Wants to be 'liked' by staff – doesn't say no
- I leave Finance to other people – I'm an expert in education

## Agility

- Another chance - staff poor performance is not tackled quickly enough
- Real time monitoring/forecasts – respond to early warning

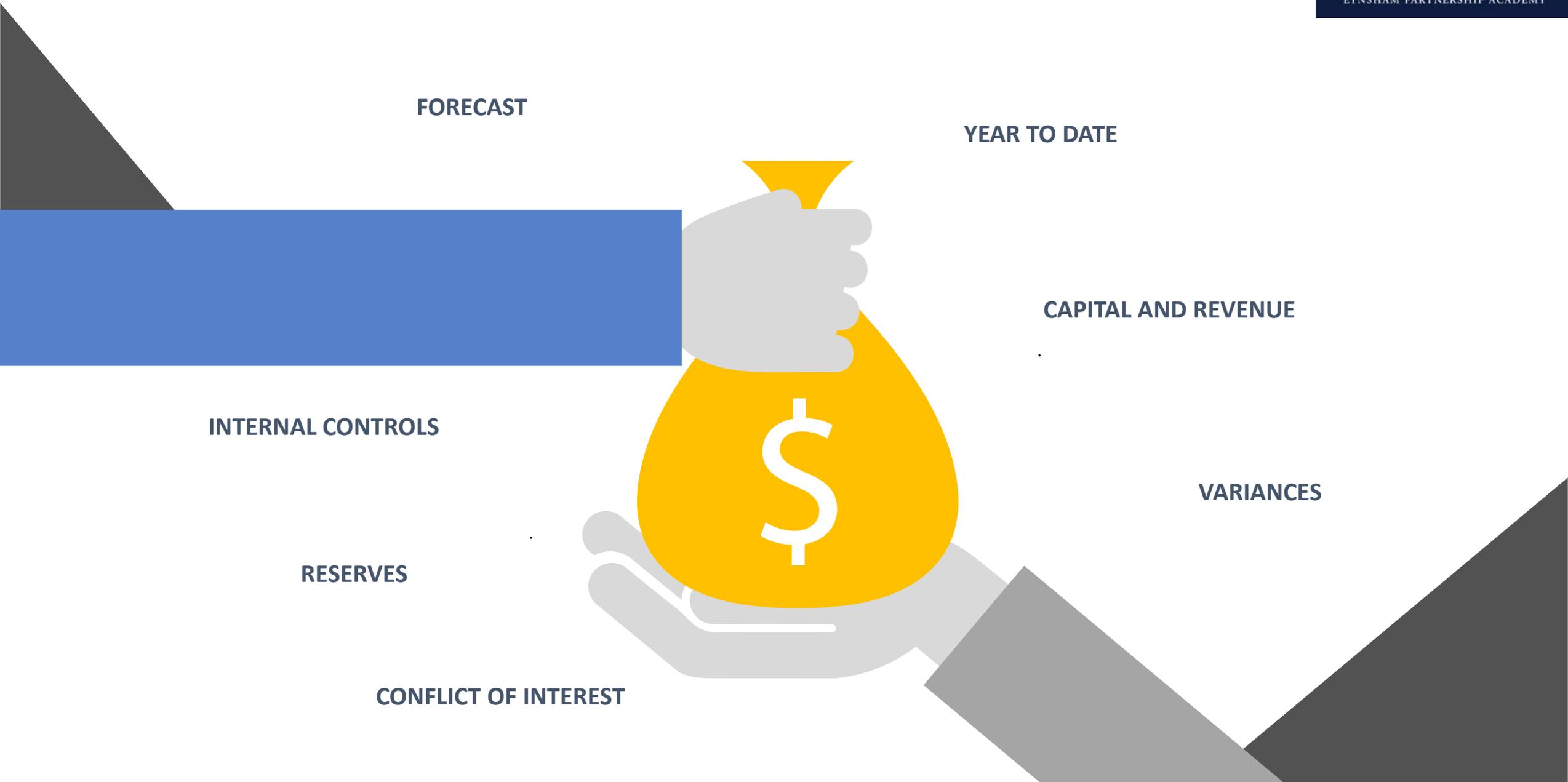
## Attitude

- Change? We've always done it this way
- I have no choice/We have to ...

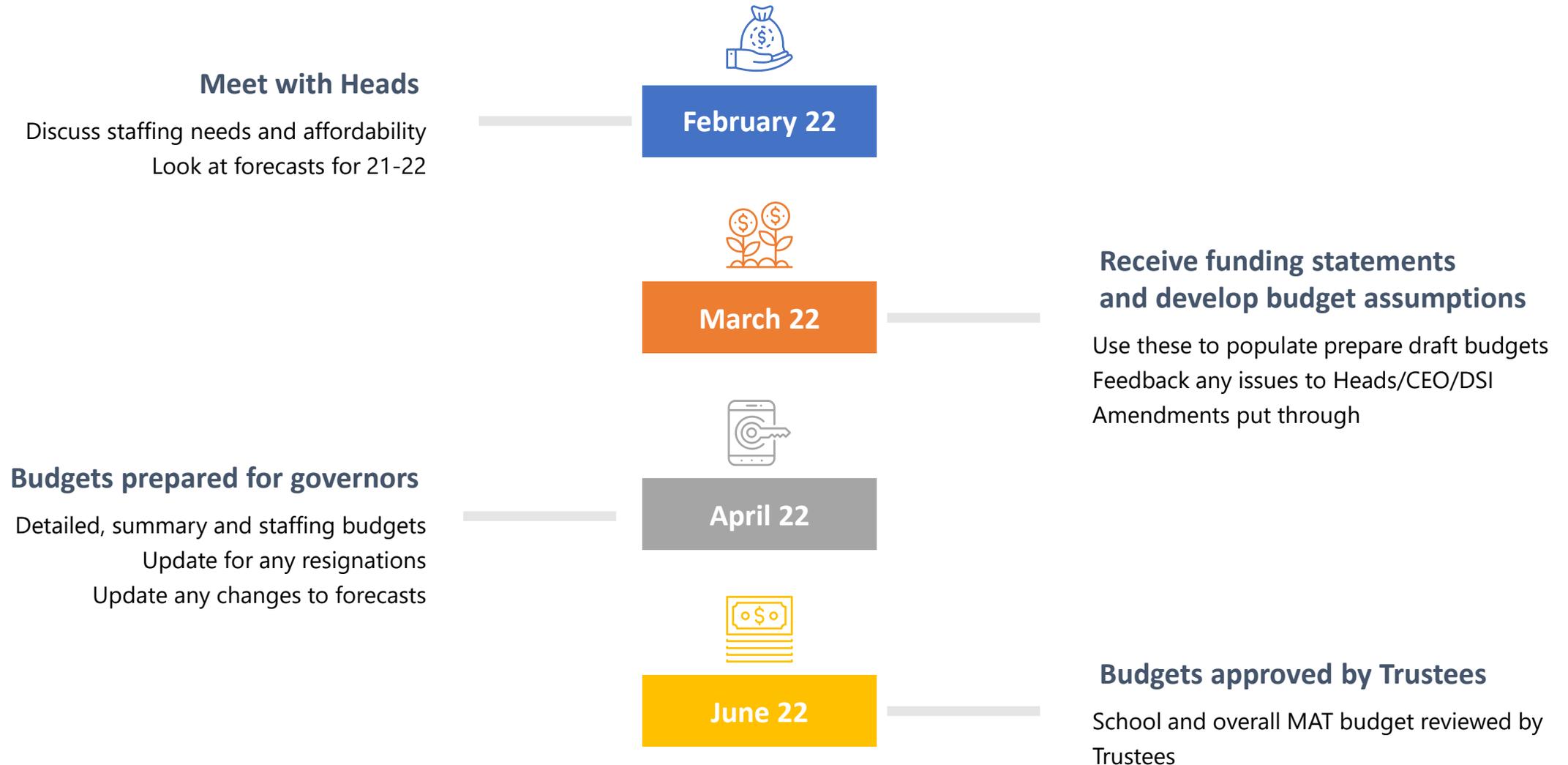
## Communication

- Policy and Decisions not passed on
- Poor promotion of the school

# FINANCE REPORTING AND OTHER ISSUES



# EPA 22-23 BUDGET TIMETABLE



# School finance



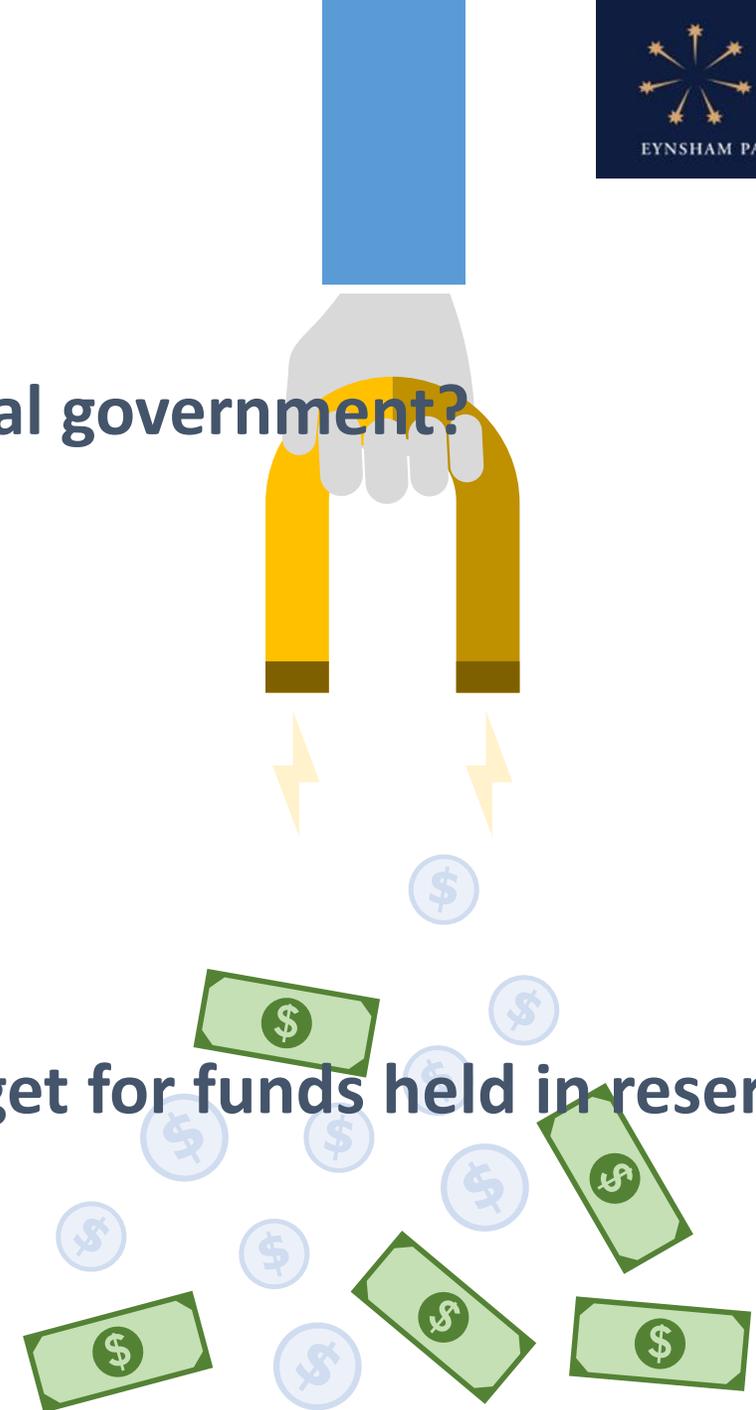
What % of funding comes from central government?



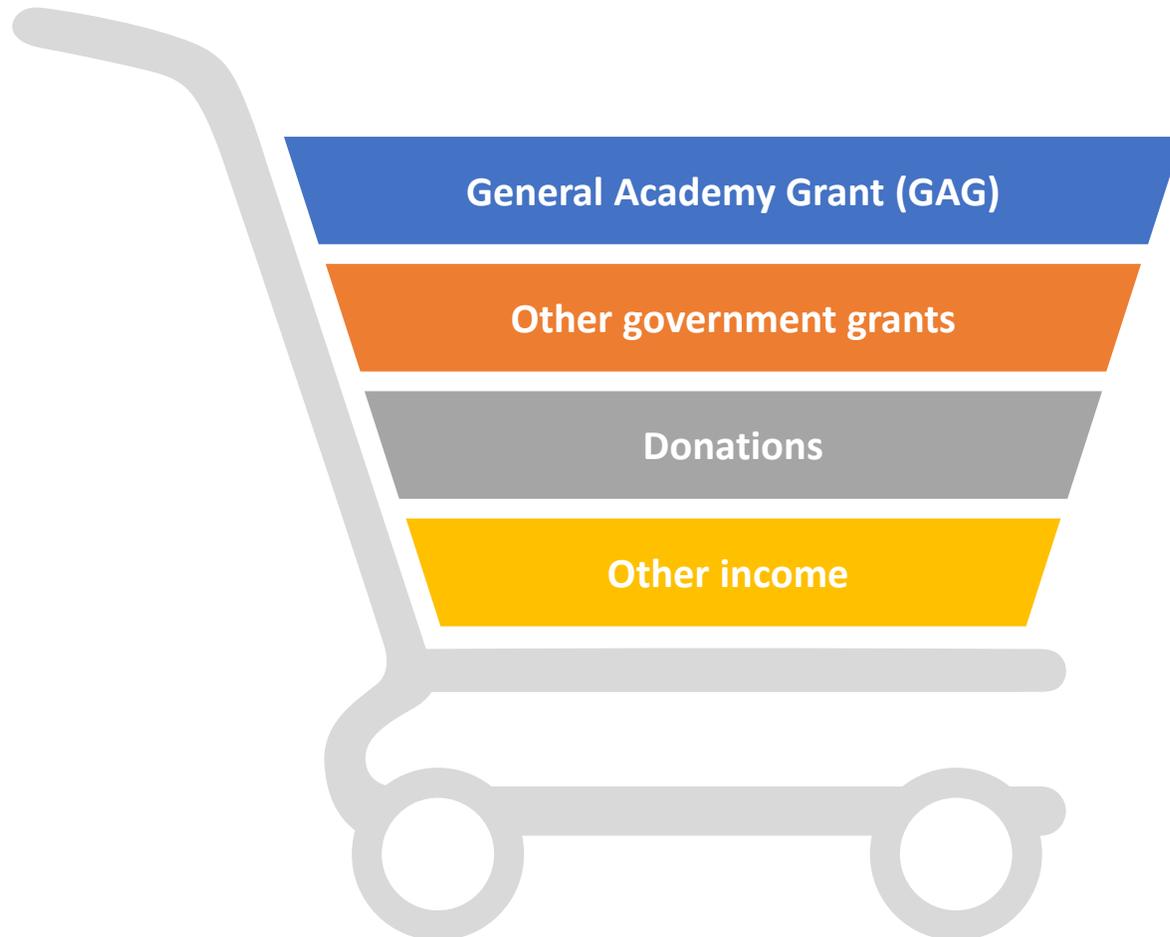
What % is spent on staffing costs?



How many months income is the target for funds held in reserves?



# SOURCES OF INCOME IN SCHOOLS



## General Academy Grant (82.3%)

Based on pupil numbers

Lagged funding



## Other government grants (7.6%)

Often comes with conditions

Pupil premium, Covid, PE grant, Nursery, Free School Meals – often based on FSM pupil numbers at Spring census and meals taken on set day.



## Donations (0.1%)

Very dependent on capacity in school and PTA



## Other income (10.0%)

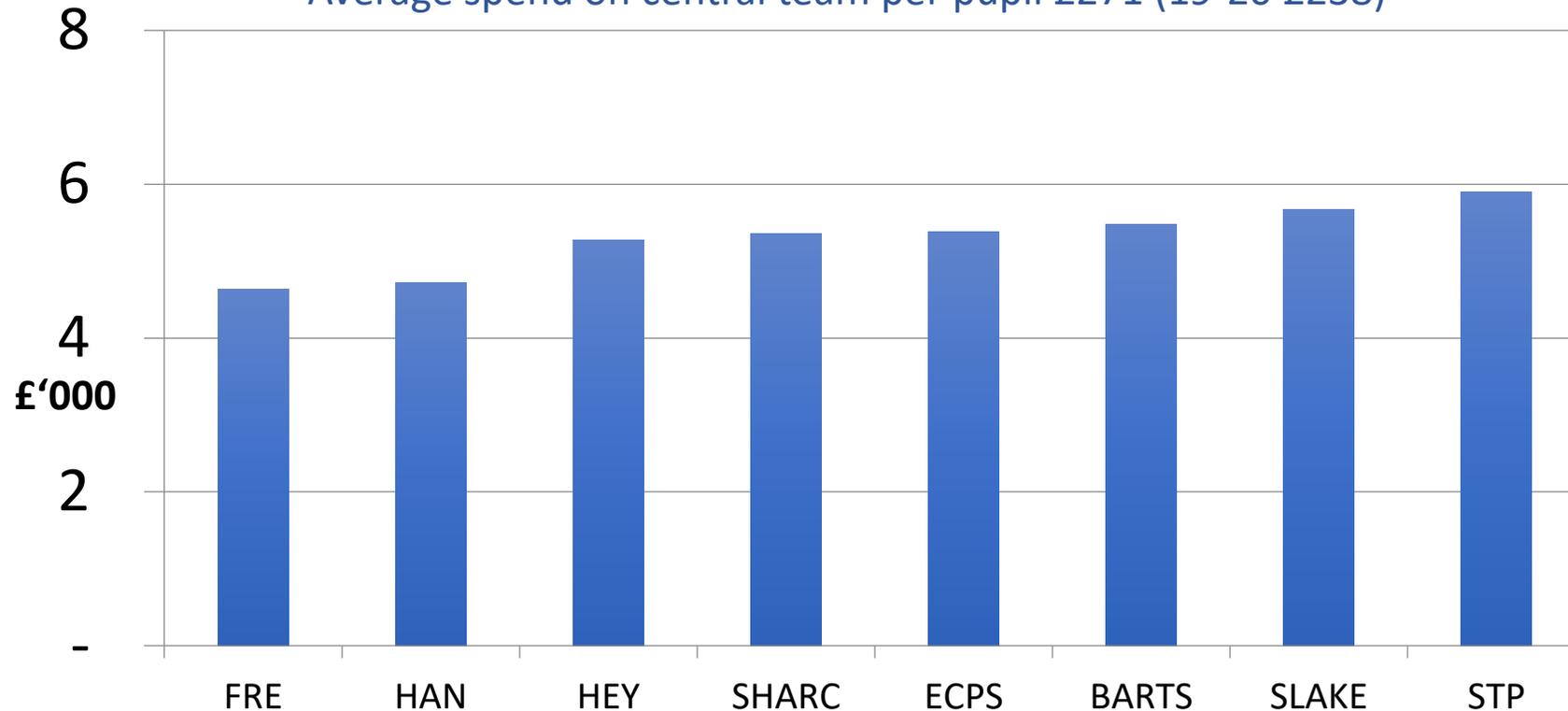
Parental income – trips, catering, wraparound, nursery, clubs

External income – lettings, gym

# 2020-21 spend per pupil

Average spend per pupil £5,620 (19-20 £5,370)

Average spend on central team per pupil £271 (19-20 £238)



# TYPES OF EXPENDITURE



**IT revenue costs (not staffing) (2%)**

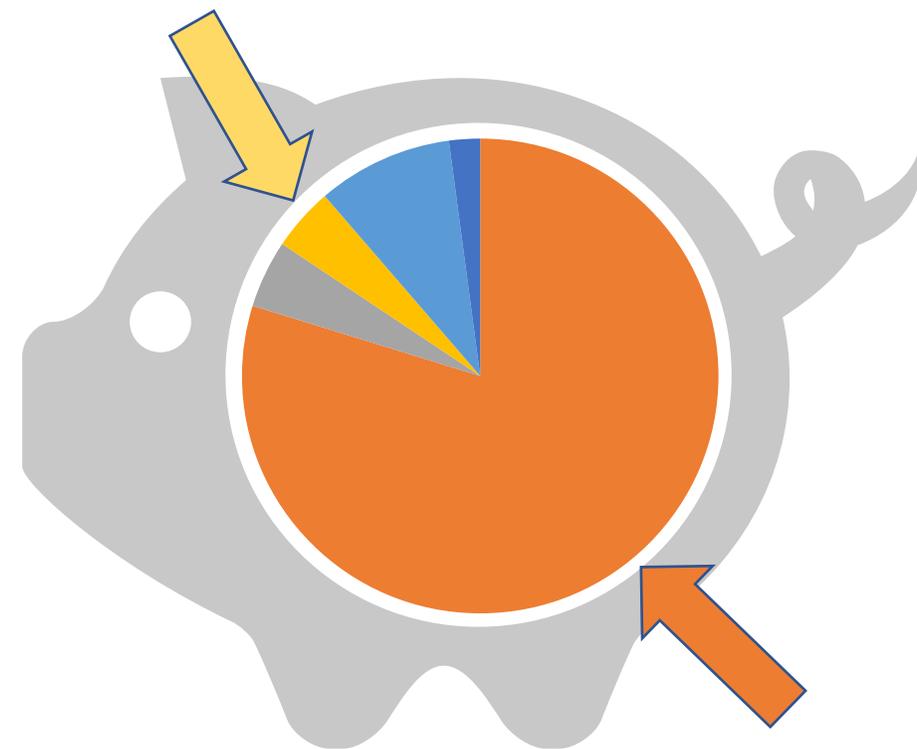


**Salaries (80%)**



**Premises (5%)**

An area where we traditionally underspend



**Educational Supplies (4%)**

Includes curriculum resources and trips



**Other supplies (9%)**

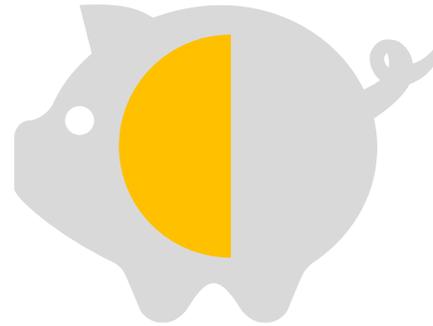
Includes catering contracts

# STAFF COSTS



Teachers in Leadership

18%



Teachers

48%



Support

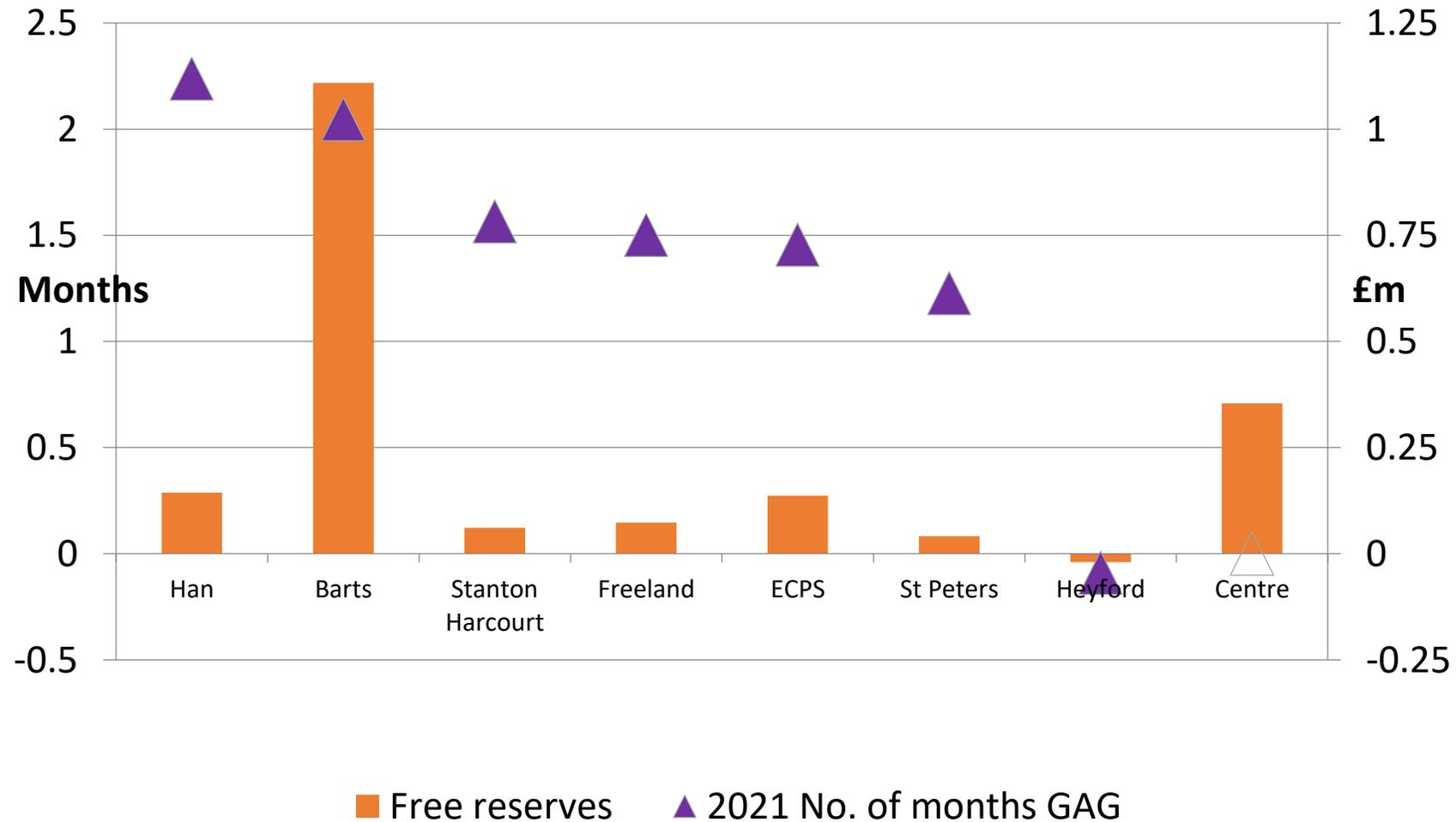
**32% of staff costs**

(currently 278 staff – 60% )

Total Teaching  
66% of staff costs  
(currently 185 staff 40% )

Rest is agency staff (1%)  
Staff development (1%)

# Free Reserves 2020-21



# Capital expenditure projects 20-21

Project	School	£'000	Funded by	Completed
Fibre lines	3 primaries (E, StP and H)	68	RGC fund	May 2021
6 new classrooms	Hanborough	3,200	S106	Aug 2021
2 new classrooms	Stanton Harcourt	600	S106	Aug 2021
Roof repairs	Bartholomew	50	Reserves	April 2021
New toilets	Hanborough	50	Reserves	April 2021
2 refurb classrooms	Eynsham	100	Reserves	Jan 2022
CCTV, reception	Heyford Park	80	EIG grant	April 2021
Roof repairs	St Peters	233	CIF	Sept 2021
<b>20/21 Capital Expenditure</b>		<b>4,381</b>		



# Other issues ...

## *Internal audits*

### *Finance Policies and internal controls*

- Authorisation limits
- Conflict of interest
- Expenses/Credit card expenditure
- Alcohol
- Risk

# OTHER KEY FINANCE TERMS

FORECAST

YEAR TO DATE

CAPITAL AND REVENUE

INTERNAL CONTROLS

VARIANCES

RESERVES

CONFLICT OF INTEREST



# Useful links and information

EPA website – see statutory information and policies (includes academies handbook)

## External sources

National Governors Association – Finance and Governance Knowledge hub

The School Bus / The Key

Any others?

# Next steps

- 21-22 Internal audits – pupil premium / Covid recovery
- 22-23 Budgeting process and timetable
- Iris/Solution 7 – new reporting module in finance systems
- EPA Learn

