An introduction to school finance for governors - an overview

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- Discuss role of governors with regards to finance in schools
- Examine the different income sources for schools
- Review Schools finance Cycle
- A brief discussion on finance strategy and monitoring
- Be aware of standard benchmark ratios & the Integrated Curriculum Financial Planning (ICFP)

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Assumptions

All current or soon to be school governors

General awareness of school finance as a concept

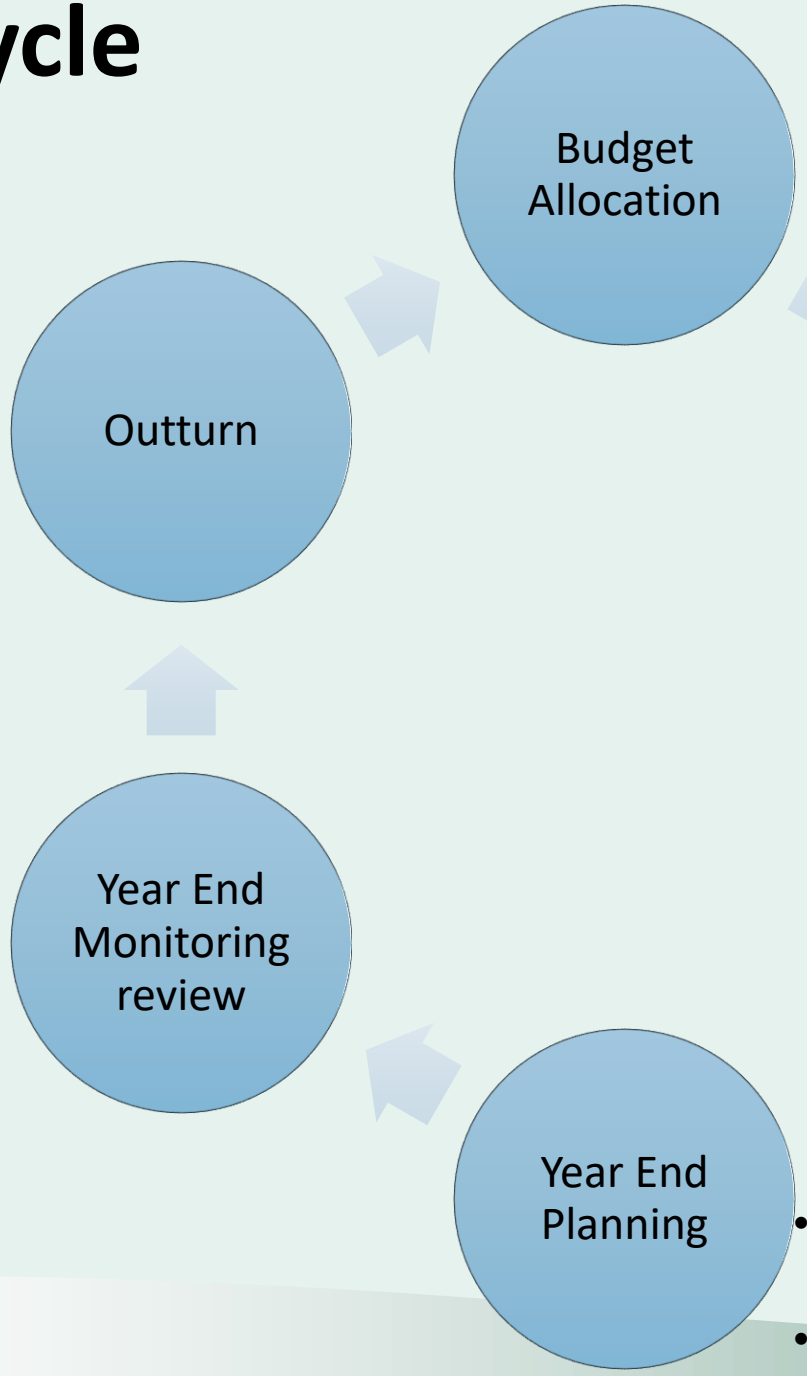
The Board & its Core Functions

- Purpose of the governing board
  - Provide Confident, Strategic Leadership
  - Create Robust Accountability, Oversight and Assurance for Educational & Financial Performance

- Core Functions
  - Clarity of Vision, Ethos & Strategic Direction
  - Holding Executive leaders to account for Educational performance & organisation of its pupils and the performance management of staff
  - Overseeing the financial performance of the organisation ensuring value for money

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Finance Cycle



- The LA notifies schools of their annual budget.
- This is usual at the end of **February**.
- These budgets would have been approved by cabinet and schools forum

- Financial year **Apr – May**
- 3 year budget plans required
- Submissions expected in late May
- Must not submit unbalance budget

- Might involve meeting with officers at the LA to review forecast position and implement targets
- Usually reserved for schools with precarious forecast positions
- **May - Jan**

- Engage with LA to ensure all requirements for year-end are met
- **Jan - Feb**

- Review meeting with officers of the LA
- Only likely where the forecast indicates financial stress.
- **Feb - Mar**

- Year end financial position for the school.
- **March**

The Consistent Financial Reporting (CFR) Framework.

Framework for reporting schools' financial performance

- The CFR provides a standard template for schools to collect information about their income and expenditure. Schools must return a yearly CFR report to the LA.

Easy Benchmarking against similar schools

- Schools who use the framework for monitoring will find benchmarking easier

Reviewed and updated yearly.

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CFR Codes

Income Codes

- Prefixed by “I”
- Reporting lines for the different types of income received by schools
- E.g. I01, I06, I18, etc..

Expenditure Codes

- Prefixed by “E”
- Reporting lines for expenditure including staffing.
- E.g. E01, E16, E20B,

Balance & Capital Codes

- Prefixes include “OB” for opening balance, “B” for balance, “CI” for capital income and, “CE” for capital expenditure.
- E.g. OB01, B02, CI03, CE04D

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CFR Codes cont…

Monitoring Templates Mirroring

- Advisable for finance monitoring templates to mirror the CFR

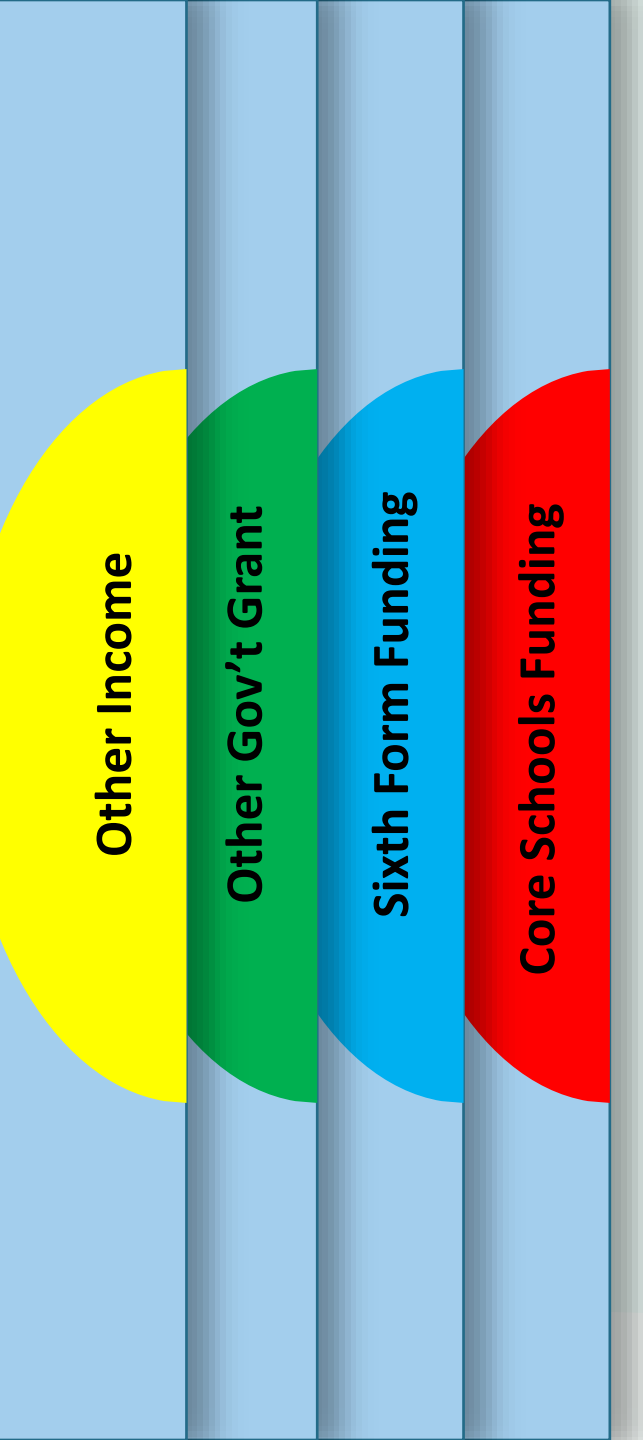
Build Understanding of Codes

- Further info can be found at www.gov.uk/guidance/consistent-financial-reporting-framework-2025-to-2026

School Income and Expenditure

Brief Overview

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Main Funding Streams for Schools

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Sixth Form Funding

Core Schools Funding

AWPU	Age Weighted Pupil Unit Funding received per child Determine by funding formula based on pupil no. from Oct census	**I01**
Early Years	Per hr of attendance for 2, 3 & 4 year olds. Varies in-year	**I01**
High Needs	SEN Top-up payment for residents & non residents	**I03**

Sixth Form Funding

Core Schools Funding

Secondary Schools

Funding for: 16 – 19 year olds or up to 25 year old with EHCP or 14 - 16 enrolled in eligible institutions

I02

Funding weighting on subjects

Funding formula takes into account hours of study required and subject complexity

I02

Pupil Premium

Correlated to pupils on FSM
Now based on Oct census

I05

Other Gov’t Grants

Includes Universal Infant Free School Meal and PE/Sports grant which are protected, and details of how they are used must be published.

I06

TPG / TPECG

Teachers’ Pay Grant & Teachers Employer Contribution Grant
Now part of the per pupil funding except for EY teachers

I01

Other Gov’t Grant

Schools Funding

Core Schools Funding

Lettings Income

Usually the best source of commercial income for schools
Understand impact to school if lost

I08A

Clubs & Activities

After School Club & School Journeys
Ensure associated costs are matched.

I08B

Donations

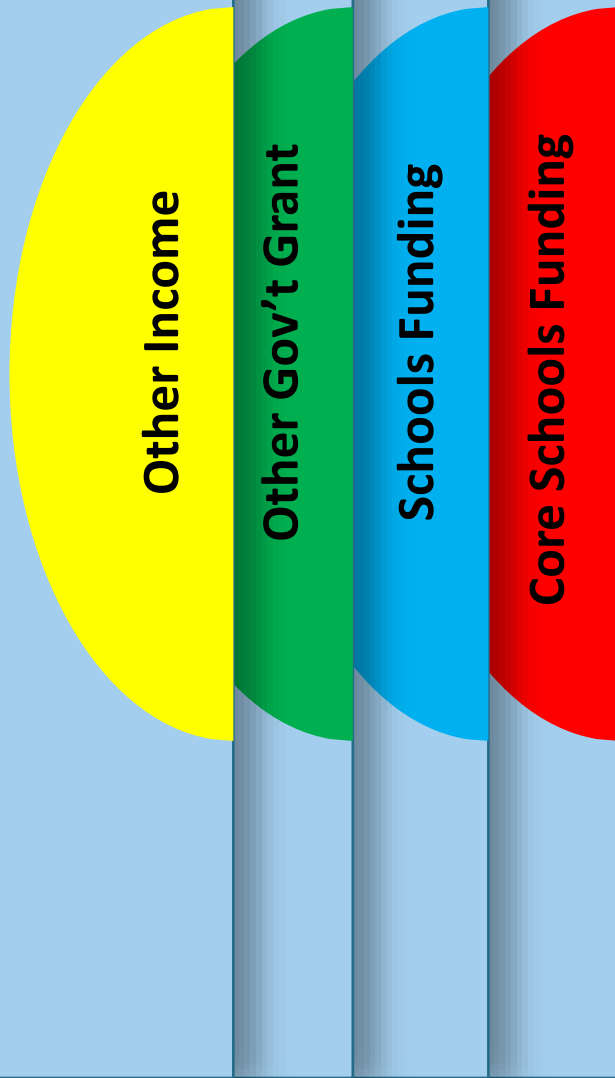
Likely to be restricted
Mostly from PTA
Might require auditing

I13

Catering

Income from pupils' dinner payments.
Should generally correlate with catering costs

I09



Challenging School Expenditure

Staffing Expenditure

- Usually the biggest expenditure for the school
- Benchmark against similar schools.
- Compare Year-on-Year (YoY) trajectory
- Challenge any increases in FTE particularly with Education support
- Review and understand cost per class efficiency (Use available tool if required).

E01 – E07

Other school Expenditure

- Is YoY reasonable?
- Are there duplication of costs?
- Are there one-off expenses included
- Is it within benchmark?
- Is it aligned to specific income?

E08 – E33

Useful Benchmarks

	Too Low	LL Broadly in line	UL Broadly in line	Too High
Pupil Adult Ratio (PAR)		11	13	
Pupil Teacher Ratio (PTR)	15	16	16.5	17.5
Teacher Contact Ratio (TCR)	0.7	0.78	0.8	1
Average Teacher Cost (ATC)		50,448	52,916	
Per Lesson Cost (PLC)				
Average Class Size (ACS)		27	33	
Leadership as % of Teaching Cost	10%	12%	16%	18%
Management Costs as % of	12%	14%	18%	20%

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Sample School Profile

No. Pupils	450
Total Teaching FTE	18.59
All Employees FTE	37
SLT Cost	328,583.40
Teaching Cost	876,991.78
Total Teaching Cost	1,205,575.18
Management Cost (TLRs)	22,124.37
All Staff Cost	1,803,601.98
Timetable Hrs	160.00

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SLT & Management Cost

- **SLT Cost**
  - Leadership as a percentage of teaching cost

SLT Cost / Total Teaching Cost	328,583.40 / 1,205,575.18	**27%**

  - This is 11% above benchmark or an additional £36,144

- **Management cost**
  - Management cost as a percentage of teaching cost

SLT Cost + TLRs / Total Teaching Cost	328,583.40 + 22124.37 / 1,205,575.18	**29%**

  - 11% above benchmark or an additional £38,578

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Benchmarking Your School

- DfE Schools Benchmarking tool (Home - Financial Benchmarking and Insights Tool - GOV.UK/)
- DfE Top 10 Planning for Governors
- Collaboration with governors of similar schools in your locality
- Benchmarking information from LA via your School Financial Advisor

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Next Steps

Review Monitoring Templates

- Redesign finance monitoring templates to support effective monitoring.
- Use LA resource to support if necessary

Develop and Implement Monitoring Strategy

- Create objectives and identify milestones to help guide the process

Increase Engagement

- Engage with LA and/or peer schools to better understand your school's finances

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End Goal…

SCHOOL BALANCE A MINIMUM OF BREAKEVEN

EFFECTIVE DEPLOYMENT OF RESOURCES

COMPLEMENT CURRICULUM PLANNING

PLAN FOR THE FUTURE