

CONSISTENT FINANCIAL REPORTING

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Consistent Financial Reporting

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Appendix 1 – Subjective Ledger Code List

Consistent Financial Reporting

1 Background

- 1.1 Section 44 of the Education Act 2002 enables the Secretary of State to require accounting information from schools. This was brought into force by CFR regulations on 1st April 2003. The regulations include the framework headings, as well as requirements for submitting annual returns. For details of the Act, see Section 44 at: <http://www.legislation.hmsso.gov.uk/acts/acts2002.htm>

The latest legislation outlining the CFR Framework for which, the Governing bodies of maintained schools must provide the LA with a financial statement, presented in accordance with the approved headings and sub-headings is set out in the [Consistent Financial Reporting \(England\) Regulations 2012](#)

- 1.2 The introduction of this framework was to provide a national picture of how schools spend their budgets. This contributes to a much greater understanding of what works in education. Good quality information is important for providing a benchmarking facility to help with the financial running of schools. Many schools already had good internal management systems in place, but to maximise the benefits for all schools through national benchmarking, some standardisation was essential. Therefore Consistent Financial Reporting was introduced to facilitate this process. A return was introduced for all schools maintained by Local Authorities, at the end of each financial year
- 1.3 The return records the level of income, expenditure and balances (surpluses & deficits) that have occurred during that financial year. CFR is a framework which, as a financial management tool showing financial data (not the school's accounting record), enables comparison of spending and consumption patterns of services. This gives schools the tools to promote self management and value for money. Enabling schools to benchmark expenditure is one of the main aims of CFR.

2 Benefits of CFR

- 2.1 Schools have developed many strategies to evaluate their effectiveness in recent years. CFR provides schools with detailed data and allows greater opportunities to compare and contrast financial decisions in relation to similar schools. It also provides schools with the opportunity to analyse specific areas of finance over time to help evaluate the direct impact on pupils' learning. CFR also reduces the number of demands made on schools to provide data and information.

- 2.2 The information can be used as a management tool in assessing the impact on curriculum areas of rising or falling pupil numbers allowing informed decisions to be made on the allocation of resources, including staffing structures, and the effect of changes on the school development and improvement plan.
- 2.3 The CFR data the school has submitted is pre-loaded onto the benchmarking website allowing comparable schools to be selected by choosing a combination of comparison criteria. The website produces a series of charts showing expenditure per pupil for the schools that match the criteria. Access to benchmarked data helps school managers to make better informed decisions for budgets, forecasting and contingency planning, improving overall efficiency and school outcomes year on year. The web site can be accessed via the following link.

<https://www.education.gov.uk/sfb/login.aspx>

- 2.4 Section C: 'Value for Money', of the Schools Financial Value Standard requires that governors and staff have compared the school's financial performance with that of similar schools, examined reasons for differences and taken action where necessary. See '**Value for Money**' chapter and '**Schools Financial Value Standard**' chapter
- 2.5 The CFR framework can complement the school development plan by providing the financial data to ensure income and/or expenditure is being captured to reflect the changes happening in school.

3 The CFR Framework

- 3.1 The framework includes income and expenditure headings that are useful for benchmarking; including categories that enable Schools and Local Authorities to fulfil the needs of statutory returns. The DfE will collect financial data from Schools and Local Authorities only on the categories within the framework.
- 3.2 The school is responsible for ensuring that expenditure and income is correctly coded within their financial system. This allows the data produced for CFR to be meaningful, allowing direct comparison. **Appendix 1** shows Birmingham City Council subjective ledger codes to be used inline with the CFR framework.

4 Submitting Returns

- 4.1 The current regulations allow Local Authorities to complete returns on behalf of schools. Birmingham Local Authority agreed with Schools Forum that the Fair Funding Team within Finance would undertake this exercise and return all schools data complying with the DfE statutory deadlines (Friday 21st in July).

4.2 With this data the DfE will:

- publish the data on the benchmarking site by November each year;
- pre-populate Local Authorities Section 251 Outturn statements;
- allow Ofsted to pre-populate forms for schools to check prior to an inspection.

5 Framework Table

The list shows the DfE CFR framework. Full details of expenditure and income items to be included within the categories may be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604358/Consistent_Financial_Reporting_Framework_guidance_2017-18.pdf

Income

- I01** Funds delegated by the Local Authority
- I02** Funding for 6th form students
- I03** High needs top-up funding
- I04** Funding for minority ethnic pupils
- I05** Pupil Premium
- I06** Other government grants
- I07** Other grants and payments
- I08** Income from facilities and services
- I09** Income from catering
- I10** Receipts from supply teacher insurance claims
- I11** Receipts from other insurance claims
- I12** Income from contributions to visits etc.
- I13** Donations and/or private funds
- I15** Pupil focussed extended school funding and/or grants
- I16** Community focussed extended school funding and/or grants
- I17** Community focussed extended school facilities income
- I18** Additional Grant for Schools

Expenditure

- E01** Teaching staff
- E02** Supply teaching staff
- E03** Education support staff
- E04** Premises staff
- E05** Administrative & clerical staff
- E06** Catering staff
- E07** Cost of other staff
- E08** Indirect employee expenses
- E09** Staff Development and training

- E10** Supply teacher insurance
- E11** Staff related insurance
- E12** Building maintenance and improvement
- E13** Grounds maintenance and improvement
- E14** Cleaning and caretaking
- E15** Water & sewerage
- E16** Energy
- E17** Rates
- E18** Other occupation costs
- E19** Learning resources (not ICT equipment)
- E20** ICT learning resources
- E21** Exam Fees
- E22** Administrative supply
- E23** Other insurance premiums
- E24** Special facilities
- E25** Catering supplies
- E26** Agency supply teaching staff
- E27** Bought in professional services – curriculum
- E28** Bought in professional services – other
- E29** Loan Interest
- E30** Direct Revenue Financing (Revenue contributions to capital)
- E31** Community focussed school staff
- E32** Community focussed school costs

Capital income

- CI01** Capital income
- CI03** Voluntary or Private income
- CI04** Direct revenue financing (revenue contributions to capital)

Capital expenditure

- CE01** Acquisition of land and existing buildings
- CE02** New construction, conversion, and renovation
- CE03** Vehicles, plant, equipment and machinery
- CE04** Information and communication technology (ICT)

Balances

- B01** Committed revenue balances
- B02** Uncommitted revenue balances
- B03** Devolved formula capital balance
- B05** Other capital balances
- B06** Community focused school revenue balances
- OB01** Opening pupil-focused revenue balances
- OB02** Opening community focused revenue balance
- OB03** Opening capital balance