**SCHOOLS FINANCIAL VALUE STANDARD**

**Key Contacts**

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**Schools Financial Value Standard**

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**All of the above Appendices can be accessed by clicking on the following link:** <http://www.birminghameducationsupportservices.co.uk/Services/3644>

**Schools Financial Value Standard**

1. **Purpose**
	1. The purpose of this guidance note is to advise schools on compliance with and achievement of the Schools Financial Value Standard
2. **Background**
	1. The Schools Financial Value Standard has replaced the Financial Management Standard in Schools. It has been designed in conjunction with schools and local authorities to assist in the management of finance and give assurances that secure financial management is in place. It is intended to assist schools in evaluating the quality of their financial management and to aid the training of new and existing staff and governors in becoming better financial managers.
	2. Effective financial management in schools is essential so that governors can make the most of resources, demonstrate value for money, exercise proper controls over the significant amounts of public money delegated to them and allocate resources effectively to meet school priorities for development and improvement
	3. The Schools Financial Value Standard seeks to establish what a school that is managed well financially would look like. It provides a clear and consistent benchmark that schools can use to encourage self-improvement; with the Standard itself being intended to cover standards and processes that should already be in place in schools.
	4. The Standard is a mandatory requirement for all Local Authority maintained schools and all schools are expected to complete the Standard on an annual basis.

2.5 Schools are required to undertake a Self Assessment against the Standard. See Section 4

1. **Schools Financial Value Standard Questions**

The Schools Financial Value Standard consists of 25 questions which governing bodies should formally discuss with the Head Teacher and other relevant finance staff. **(Appendix A)**

* 1. The questions which form the Standard are in Sections A – D under the following headings:

A The Governing Body and School Staff

B Setting the Budget

C Value for Money

D Protecting Public Money

* 1. The Governing Body and School Staff

Some of the key examples of evidence required for this section include:

* Skills Assessment for the Finance Committee members **(Appendix B)**
* Terms of Reference for the Finance Committee **(Appendix C)**
* The Framework of Financial Delegation for the Head Teacher **(Appendix D)**
* Job Descriptions for staff with financial responsibilities
* NGA Governors Self Evaluation Tool – 20 Questions **(Appendix E)**
* Evidence of governors participation in budget monitoring discussions
* Budget Monitoring reports and other relevant financial reports presented to and discussed by governors
* Declaration of Interests Register – all Governors and all Staff **(Appendix F)**
* Skills Assessment for the Finance Staff **(Appendix G)**
* Governing Body and Finance Committee Minutes showing discussions and debates relating to the budget. These minutes should be able to demonstrate that full discussions have taken place with participation from all relevant governors and that clear conclusions have been reached
	1. Setting the Budget

Some of the key examples of evidence required for this section include:

* Approved Budget Plan
* Approved School Development Plan, evidence of linkage to the Budget Plan
* Three Year Financial Forecast
* Deficit Repayment Plan, where applicable
* Clear and agreed plan for the use of Surplus Balances
	1. Value for Money

Some of the key examples of evidence required for this section include:

* Evidence of financial benchmarking with other similar schools
* Evidence of appropriate purchasing procedures in place
* Evidence of approach to Value for Money
* Compliance with the City Council’s Financial Regulations & Standing Orders
* Agreed plan for the use of Surplus Balances
* Property Log Book in use
* Asset Management Plan discussed with governors
* Evidence of collaboration with other schools
	1. Protecting Public Money

Some of the key examples of evidence required for this section include:

* Statement of Internal Control **(Appendix H)**
* Financial Management Risk Self -Assessment **(Appendix I)**
* Pre-employment checks on staff with financial responsibilities
* Adoption of Whistle Blowing Policy
* Adherence to appropriate security of the financial management system – password protection, password changes, system back ups
* Record of voluntary funds held by the school
* Inventory/Asset Register
* Business Continuity/Disaster Recovery Plan – regularly discussed and approved by the Governing Body **(Appendix J)**

3.6 The Governing Body may delegate the consideration of the questions to the Finance Committee or any other relevant committee

3.7 On completion of the gathering of the relevant evidence, a detailed report should be submitted to the Full Governing Body and the Chair of Governors must sign the completed Self Assessment Report.

3.8 There is no prescription for the level of evidence that the Governing Body should require. The emphasis should be on the Governing Body being confident about their responses.

See **Appendix K** for the Local Authority’s suggested evidence for each of the 25 questions

**4.** **Self Assessment Process**

4.1 Schools and governors are expected to complete an annual Self-Assessment Report which will show achievement of the Standard against each of the questions

4.2 Each question within the Standard requires an answer of ‘Yes’, ‘In Part’ or ‘No’

4.3 If the answer is ‘Yes’, the comments column on the Self Assessment Report should be used to indicate the main evidence on which the governing body has based it’s judgment

4.4 If the answer is ‘No’ or ‘In Part’ the column should contain a brief summary of the position and the proposed remedial action

4.5 In Section E of the Self-Assessment Report, governors should summarise the remedial action that needs to be taken and the timetable for reporting back. A specified deadline and an agreed owner should be identified

4.6 Governing Body approved Self-Assessment Reports must be electronically submitted to the Local Authority by no later than 31st March each year using the following email address:

 SchoolsFinAssess@birmingham.gov.uk

4.7 The Local Authority will use the Self Assessment Reports to inform their programme of financial assessment and audit in the following ways:

* Themed Audits undertaken by Birmingham Audit
* Monitoring of financial probity in schools by Schools Financial Services on behalf of the Corporate Director, Finance and Governance.

**5. Preparing for the Schools Financial Value Standard**

5.1 Schools should not underestimate the resources, in terms of both time and people, that are required to prepare for the assessment. Schools should ensure that sufficient time is available to properly prepare.

5.2 The Governing Body and the Head Teacher must be actively involved in the whole process. The Schools Financial Value Standard is not something that can be passed to the finance expert in the school, it is a collective responsibility and if only one person is involved in the process the school is likely to fail the assessment

* 1. Schools are encouraged not to leave the assessment until the last possible moment in the financial year.
	2. The Governing Body and the Head Teacher should not underestimate the importance of the Statement of Internal Control as this is one of the most important documents of the whole of the Standard. The Statement of Internal Control requires some extensive preparatory work prior to it being signed and there needs to be sufficient evidence to support the content of the Statement, the action plan to address any weaknesses and evidence that shows that the Statement has been fully discussed and agreed by governors and reflected in the minutes of Governing Body and/or Finance Committee meetings.
	3. The Governing Body and Head Teacher should not assume that someone else in the school is doing the work. Schools should establish an action plan for achieving the Standard and allocate tasks and responsibilities and set suitable deadlines for review and completion.
1. **Compliance in Meeting the Schools Financial Value Standard**

6.1 It is the Local Authority’s responsibility to confirm that their schools adhere to the Schools Financial Value Standard. The Section 151 Officer (Corporate Director Finance and Governance) is required to submit an annual Controls Assurance Report to the Department for Education to the effect that relevant schools within the Local Authority meet the Standard or are subject to appropriate action to ensure that they meet the Standard. Schools not complying with the Schools Financial Value Standard will feature on the Report to the Department for Education.

* 1. Schools not complying with the requirements to complete the Standard may potentially be issued with Warning Notice by the Local Authority and, in extreme cases, financial delegation may be withdrawn

** APPENDIX A**

Schools financial value standard (SFVS)

Standard assessment form

Financial Year 2018/19

# The assessment form

**School name:**

**Local authority and school DfE numbers:**

|  |  |  |
| --- | --- | --- |
| **List of questions** | **Answer****(yes/in part/no)** | **Comments, evidence and proposed actions** |
| 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? |  |  |
| 2. Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair? |  |  |
| 3. Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field? |  |  |
| 4. Does the governing body receive clear and concise monitoring reports of the school’s budget position at least three times a year? |  |  |
| 5. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest? |  |  |
| 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? |  |  |
| 7. Does the school review its staffing structure regularly? |  |  |
| 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 head teacher? |  |  |
| B: Setting the budget |
| 10. Is there a clear and demonstrable link between the school’s budgeting and its plan for raising standards and attainment? |  |  |
| 11. 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? |  |  |
| 12. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)? |  |  |
| 13. 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? |  |  |
| C: Value for money |
| 14. 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? |  |  |
| 15. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money? |  |  |
| 16. 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? |  |  |
| 17. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement? |  |  |
| 18. Does the school consider collaboration with others, e.g. on sharing staff or joint purchasing, where that would improve value for money? |  |  |
| 19. Can the school give examples of where it has improved the use of resources during the past year? |  |  |
| D: Protecting public money |
| 20. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body? |  |  |
| 21. 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)? |  |  |
| 22. Are all staff aware of the school’s whistleblowing arrangements and to whom they should report concerns? |  |  |
| 23. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return? |  |  |
| 24. Does the school have adequate arrangements for audit of voluntary funds? |  |  |
| 25. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? |  |  |

#

# **Outcome of Self-Assessment**

##

## E: Summary of agreed remedial action and timetable for reporting back

Signature: Chair of Governors / Management Committee

Print full name of signatory:

Print date SFVS agreed by full governing body/management committee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date SFVS submitted to LA for review:

# **APPENDIX B**

# **Skills Analysis Matrix for the financial management skills needed by the Governing Body**

# **Introduction**

This matrix summarises the financial management skills that best practice determines should be available within the governing body. This matrix has been designed as a practical document which can be used by schools at different levels:

* by individuals who wish to identify their personal training and development needs
* by governing bodies, or their finance committees where applicable, to ascertain their collective financial management skills

Experience shows that for most schools only small numbers of governors will initially be at levels 1 and 2.

The purpose of the matrix is to determine the relative financial management skills available within the governing body. This needs to be related to the way that the governing body deals with financial management issues and so not all governors will need the highest levels of financial management competence. Typically, for a school:

* with a finance committee – the committee members and the chair of the governing body would be the most appropriate governors to complete the matrix.
* without a finance committee – the chair of governors, any governor specifically tasked with finance issues and those governors who possess financial management skills should complete the matrix.

**How to use the matrix**

**First**, the grid should be tailored to the individual school’s governing body financial management requirements to identify who within the governing body should have key financial skills and fill in their details at the top of the grid. The **key** financial management competency is in bold (e.g. the first is "provides strategic leadership"), and examples of the characteristics that demonstrate this competency are provided beneath it.

**Second**, for each governor identified use the ratings (which are explained below) to identify the level at which the person has the relevant competencies, referring to the key indicators and typical examples.

**Third**, on completion, analyse the results to ensure the skills, knowledge and attitudes are spread across governors in the most appropriate way, i.e. there is no over or under concentration of competencies with one specific governor.

**A key point is that not all governors need all these skills, but collectively the Governing Body (and Finance Committee, if it exists) will ideally have these skills between them.**

|  |
| --- |
| **RATING SYSTEM** |
| **1** | **2** | **3** | **4** |
| **HIGHLY COMPETENT** | **COMPETENT** | **DEVELOPING** | **NOT YET DEVELOPED** |

|  |  |  |  |
| --- | --- | --- | --- |
| Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have significant practical experience
* this is something that you undertake on a regular basis
* this is a personal characteristic or style that you demonstrate all of the time
* there is a regular programme of activities to maintain technical competence.
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have some practical experience
* this is something that you undertake on an infrequent basis
* this is a personal characteristic or style that you demonstrate most of the time
* there is a regular programme of activities to maintain technical competence.
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have little practical experience
* this is something that you rarely undertake
* this is a personal characteristic or style that you demonstrate some of the time
* there is a programme of activities to develop the technical competence in this area.
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have no practical experience
* this is something that you have never undertaken
* this is a personal characteristic or style that you rarely demonstrate
* there is no programme of activities to develop the technical competence in this area.
 |

|  |  |
| --- | --- |
|  | **Governors with financial management responsibilities** |
| **Chair of Governing Body** | **Chair of Finance Committee** | **Governor with finance role** |
| **(1) PROVIDES STRATEGIC LEADERSHIP** |  |  |  |
| **Leads the development of strategic plans:*** Has strategic knowledge and understanding of school priorities, aims and objectives
* Able to articulate strategic priorities, financial implications and objectives clearly
* Understands the importance of setting and agreeing a viable financial strategy and plan which ensures sustainability and solvency
* Understands the school’s processes for resource allocation and the importance of focusing allocations on impact and outcomes
* Delegates tasks to the Head Teacher and promotes team working between governors and all staff
 |  |  |  |
| **Able to identify viable options most likely to achieve the school’s goals and objectives:*** Will take difficult but necessary decisions
* Able to analyse information provided by staff in a useful way
* Is rigorous in questioning to understand whether enough is being done to drive financial efficiency and align budgets to priorities
* Is open to new ideas, consults and willing to work in partnership with stakeholders
* Knows how to review the results of techniques for assessing significant school matters
* Uses detailed financial knowledge and experience (appropriate for the scale of the organisation) to provide advice and guidance to the Board and the School
 |  |  |  |
| **Has a clear understanding of best financial management practices and school performance:*** Has knowledge of the current financial health and efficiency of the school and how this compares with similar schools locally and nationally
* Assimilates the financial implications of the school’s priorities and uses this knowledge to make decisions about allocating current and future funding
* Understands the school’s internal control processes and how these are used to monitor and ensure propriety to secure value for money
* Co-operates with external inspectors and auditors and reviews action on their findings

 |  |  |  |
| **(2) ENSURES ACCOUNTABILITY** |  |  |  |
| **Understands the school’s statutory financial management requirements:** * Able to hold the school to account for financial and business management, as much as for educational outcomes
* Understands the legal financial framework in which the school needs to operate
* Has knowledge of the school’s funding arrangements, funding streams and its mechanisms for ensuring financial accountability
* Has knowledge of information that can be requested by local authorities (for maintained schools) and the DfE
* Understands how the school receives funding through Pupil Premium and other grants, for example, Primary Sports funding, how these are spent and how spending has an impact on pupil outcomes
 |  |  |  |
| **Understands budget setting and budget monitoring:*** Understanding the principles of finance and budget management and how these are used in the school
* Has numeric and analytical skills
* Able to challenge and ensure the integrity of financial information and to establish robust financial controls
* Able to interpret financial data and ask informed questions about income, expenditure and resource allocation and alignment to the strategic planning priorities
* Has confidence in the arrangements for the provision of accurate and timely financial information and in the financial systems used to generate such information
* Able to interpret budget monitoring information and communicate this to interested parties
* Able to participate or lead the school’s self-evaluation of activities relating to financial performance, efficiency and control
* Understands that appropriate resource allocation can affect pupil outcomes
 |  |  |  |
| **Understands the importance of communicating the school’s performance to stakeholders:*** Knows the procedural requirements and timescales and checks they are followed
* Understands the monitoring returns for the DfE and Local Authority (for maintained schools)
* Is open and diplomatic when communicating with stakeholders e.g. parents
 |  |  |  |
| **(3) ACTS AS A CRITICAL FRIEND** |  |  |  |
| **Has a commitment to the school and the work of the governing body:*** Declares personal or pecuniary interests and avoids using his/her position for personal gain
* Participates in the work of the governing body by preparing for meetings, attending, contributing at meetings and taking agreed actions
* Improves financial management knowledge through training, discussions with staff and reading relevant papers
* Able to identify when specialist skills and experience in audit, fraud or human resources are required to undertake specific tasks or more regularly to lead governance committees
* Helps new governors to understand their financial management role and make a full contribution
 |  |  |  |
| **Presents information and views clearly and influentially to others:*** Uses analytical skills to challenge management constructively and ask probing questions
* Able to influence others and build consensus using the power of argument and clear presentation of the case
* Seeks to resolve misunderstanding and conflict by giving and receiving constructive feedback
 |  |  |  |

**Summary of the Governing Body’s Financial Management Role**

The Governing Body has a strategic role in the financial management of the school and its key responsibilities include:

* Setting financial priorities through the:
* School Improvement Plan
* 3 Year Financial Plan
* The Annual Budget Plan
* Deciding on how the school’s delegated budget should be spent, in accordance with the School Improvement Plan, and the statutory curriculum requirements as laid down by the Government
* Approving and monitoring the budge
* Ensuring that the budget is managed effectively
* Ensuring that the school meets its statutory obligations and, through the Head Teacher, complies with the Local Authority’s Financial Regulations and Standing Orders
* Determining virement and expenditure thresholds
* Evaluating the effectiveness of spending decisions

Although the Governing Body has a statutory responsibility for the oversight of most areas of school life, including financial management, a great deal of responsibility is often delegated to the Head Teacher and, to a lesser extent, to other budget holders or the Finance Committee

**Summary of Head Teacher’s Financial Management Role**

The Head Teacher is accountable to the Governing Body which can delegate much of its financial responsibility to the Head Teacher. Typically, the Head Teacher has delegated responsibility for:

* Leading and managing the creation of a strategic plan which is underpinned by sound resource planning and identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teachers effectiveness and securing school improvement
* Ensuring that the relevant Local Authority financial regulations and standing orders or DfE requirements are implemented
* Establishing sound internal financial controls that are managed on a daily basis by the Head Teacher, School Business Manager, Finance Officer (or equivalent).
* Ensuring the effective implementation of financial systems and procedures (even in the absence of key staff)
* Checking that the funds delegated by the Local Authority are in line with pupil numbers
* Compiling a draft budget to the Governing Body and it’s appropriate committees
* Producing regular reconciled budget/financial reports to the Governing Body, Local Authority and the DfE as appropriate

**Delegating Work to the Committees**

A Governing Body can fulfil some of its responsibilities through a series of committees. The committee most likely to help fulfil its financial management responsibilities is the Finance (or Resources) Committee. The Finance Committee is non-statutory and the Governing Body is able to determine its remit and delegated responsibility to it for the approval of the formal Budget Plan for the new financial year.

The following tasks should also be carried out by the Finance (or Resource) Committee:

* Drawing up the Budget for approval by the Governing Body
* Exploring different expenditure options and assessing expenditure bids
* Forecasting likely future pupil numbers and funding levels
* Monitoring budgeted income and expenditure
* Monitoring and adjusting in-year expenditure levels
* Ensuring accounts are properly finalised at year end and reviewing outturn
* Evaluating the effectiveness of financial decisions
* Administering the School’s voluntary or private funds

The Governing Body can delegate functions relating to the setting and approval of budgets to the Finance Committee. The Committee must report to the Governing Body, at regular intervals throughout the year, in respect of any action taken or decisions made.

**Examples of more specific responsibilities of the Governing Body and the Head Teacher**

These have been produced with the help of Wolsey Infant School in Croydon. They are an example of one school’s arrangements for other schools to consider if they find them helpful. There is no requirement for all schools to follow this definition of specific responsibilities.

#### Governing Body

* Ensuring there is a handbook containing information and a description of financial systems and procedures for all staff with financial management responsibility (Internal Controls or Schools Financial Procedures handbook)
* Establishing formal procedures and a timetable for budget planning
* Ensuring only a balanced sound budget is approved, with a forward projection for at least two years
* Ensuring financial records are maintained that can provide auditors and inspectors with explanations they consider necessary (an audit trail)
* Responding promptly to recommendations made by auditors or inspectors
* Monitoring the budget and implementing virements when appropriate
* Ensuring the school obtains value for money when purchasing goods and services
* Establishing a charging policy for the supply of goods and services
* Establishing and maintaining a register of business interests of governors and staff who influence financial decisions. This should be open to examination by Governors, Staff, the Local Authority and other stakeholders
* Ensuring financial duties of staff are clearly described to avoid potential conflicts (division of duties)
* Ensuring, in conjunction with the Head Teacher, that salary payments are:
	+ only made to school employees
	+ made in accordance with appropriate conditions of employment
	+ only made for services provided to the school
	+ subject to appropriate deductions, for example tax and national insurance, with payroll changes accurately recorded and promptly processed (guard against fraud)
* Deciding, after careful consideration, whether or not to insure risks not covered by the Local Authority (school insurance)
* Authorising the disposal or write off of stock (as per the Asset Register or Inventory)

#### Head Teacher

* Meet regularly with the Local Authority budget adviser to discuss the budget and to make any necessary adjustments (as per the Local Authority Scheme of Delegation for financing schools)
* Obtain Governing body approval for any budget virements above their delegated authority level
* Consider and respond promptly to recommendations in school audit and inspection reports, and advise Governors of results and any remedial action to be implemented (Audit and Ofsted Inspection Reports)
* Ensure the maintenance of accurate and current inventories of all attractive and portable items and items of £1000 or more in value
* Ensure the adequacy of the schools insurance arrangements as part of the annual financial review
* Implement a school pay policy and appointment procedures (staff pay conditions and recruitment)
* Plan for effective monitoring, evaluating and reviewing of the plan to secure progress and school improvement (the School Improvement Plan should be linked to the Budget Plan)
* Think creatively and imaginatively to anticipate and solve problems and identify opportunities
* Ensure that resourcing and staffing are dedicated to ensuring the highest standards of achievement for all pupils
* Set appropriate priorities for expenditure, allocate funds and ensure effective administrative control
* Manage and organise accommodation efficiently and effectively to ensure it meets the needs of the pupils, curriculum and health and safety regulations (appropriate school building plan)
* Manage, monitor and review the range, quality, quantity and usage of all available resources in order to improve pupils’ achievements, ensure efficiency and secure value for money

**APPENDIX C**

**Terms of Reference for a Finance Committee**

1. Membership

The Committee shall consist of 5 governors plus the Head Teacher in his/her voting capacity. The Committee can ask the Governing Board to appoint up to 2 non-voting members with appropriate financial skills.

2. Quorum

The quorum shall be 3 governors who are voting members of the committee, excluding the Head Teacher

1. Meetings

3.1 The committee will meet at least 3 times per year.

3.2 Any additional meetings will be called as necessary; at least 7 days notice must be given when calling a committee meeting.

1. Minutes
	1. The Clerk to the Committee is (insert name). In the absence of the Clerk the Committee can appoint a member (but not the Head Teacher) to act as Clerk to the meeting. Draft minutes of the previous meeting will be distributed at least 7 days prior to the next meeting together with any supporting papers
2. Chairing

5.1 The Committee shall elect a Chair/Vice Chair annually, usually at the first meeting of the academic year

5.2 The Chair, in conjunction with the Head Teacher, will be responsible for drawing up the agenda and sending it out to committee members at least 7 days in advance.

5.3 In the absence of the appointed Chair the Committee can appoint another member of the Committee to act as Chair for the meeting

1. Reporting to the Governing Board

6.1 The Chair of the Finance Committee will report to the full Governing Board on the main decisions taken and any recommendations that the Governing Board needs to vote on.

1. Areas of responsibility
	1. The Committee will be responsible for the preparation and approval of the Annual Budget (Note: The Governing Board can, if they wish, delegate to the Finance Committee the authority to approve the annual budget. If this is the case it should be clearly documented within these Terms of Reference for the Finance Committee). It will establish formal procedures and timetables for planning the budget and will require the Head Teacher to produce estimates of expenditure and income sufficiently in advance of each financial year, even if the details of the school's funding have not been finalised, so it can determine priorities in accordance with the School Improvement Plan.

It is the responsibility of the Finance Committee, in preparing the Draft Annual Budget, to work within the indicative budget, for the forthcoming year and for it to indicate clearly any use that it is proposing to make of contingency reserves and any surplus balances carried forward from previous financial years so that where appropriate, the Governing Board is fully informed of the final decision.

7.2 The Committee will receive Budget Monitoring Reports, from SIMS/CMIS or other accounting package, from the Head Teacher or School Business Manager/Bursar, for consideration, prior to them being reported to the Governing Board. The Budget Monitoring Reports will include the following system reports

* A Cost Centre Group Report or Account Summary Report or equivalent
* A Virement Report,
* A copy of the latest Suspense File
* A system report showing cumulative expenditure of £10,000 or more with an individual supplier. **Note: This is not restricted to an individual financial year and may cross a number of financial years**
* A Bank Reconciliation and Cash Flow Statement (Full Cheque Book schools only)

The Finance Committee will monitor income and expenditure throughout the financial year and provide an overview of the financial position of the school to Governing Board on at least a termly basis.

7.3 The Finance Committee will review virements and budget revisions made by the Head Teacher to a maximum value of £ ***(insert amount)***

7.4 The Finance Committee will approve requests for virements and budget revisions between £ ***(insert amount)***and £ ***(insert amount)***per item. In the event of there being an emergency request the Chair of Finance will have the authority to approve such requests and then report back at the next Finance Committee meeting under ‘Chair’s Actions’

7.5 The Finance Committee will give the Head Teacher responsibility for administration of the budget and its day-to-day control and monitoring.

* 1. The Finance Committee, with the Head Teacher, will assess at least once a year, financial progress towards achieving the objectives in the School Improvement Plan and, consistent with this aim, will review projected expenditure for future years in accordance with the School Improvement Plan, working wherever possible on a three year rolling programme.

7.7. The Finance Committee, on an annual basis, will adopt and agree to adhere to the Local Authority Financial Regulations and Procedures.

7.8 The Finance Committee, on an annual basis, will prepare and submit for discussion to the Governing Board, a Statement of Internal Control identifying any key areas of weakness within the financial control systems of the school and propose actions that need to be taken to address issues around financial control and probity.

8 Expenditure

8.1 The Finance Committee will review orders placed to a value between £ ***(insert amount)***and £ ***(insert amount)***per order

* 1. The Finance Committee will approve orders between £ ***(insert amount)*** and £ ***(insert amount)*** if within budget provision and subject to the receipt of three quotations, in accordance with the Local Authority Financial Regulations and Standing Orders

8.3. The Finance Committee will ensure that where expenditure is likely to exceed £181,302, the tendering procedure will be implemented in accordance with the Local Authority Financial Regulations and Standing Orders

8.4 The Finance Committee will review all cumulative expenditure with suppliers in excess of £10,000. **Note: This is not restricted to an individual financial year and may cross a number of financial years**

8.5 The Finance Committee, on advice from the Head Teacher, will review the financial implications on the budget of the Teachers Pay and Conditions document.

* 1. Receive the annual accounts and certificate of audit of the school fund and other voluntary funds held within the school.

9. Payments

* 1. The Finance Committee will monitor compliance with the schools financial procedures, particularly with reference to segregation of duties between purchases and payment
	2. Assess the school's insurance cover to ensure that it provides adequate protection against risks.
	3. Review and approve the amount of petty cash to be held by the school.

9.4 Review annually all current school contracts.

9.5 The Committee must ensure that the Local Authority Financial Regulations and Standing Orders relevant to financial management are complied with and will undertake periodic audits of the school's financial procedures and recommend appropriate corrective action.

10. Assets

* 1. The approval of the Committee is required for the writing off or disposal of any surplus stock.

11.0 General

11.1 Ensure the withdrawal of an individual if she/he has a pecuniary or personal interest in the business of the Committee.

* 1. Agree to undertake training to keep up to date with national and local trends and policies.
	2. The Committee is responsible for ensuring that the school undertakes a self-assessment against the DfE Schools Financial Value Standard on an annual
	3. basis with particular reference to the governance arrangements and financial management roles and responsibilities.

**NB: These Terms of Reference will be reviewed and updated on an annual basis for approval by the Governing Board.**

**APPENDIX D**

**FINANCIAL DELEGATION STATEMENT FOR THE HEAD TEACHER**

The Governing Board formally delegated the day to day financial management of the budget to the Head Teacher of ***(insert school name)*** School on (***insert date)***

1.0 **BUDGET**

1.1 The Head Teacher will prepare (by reference to the School Improvement Plan) and submit an annual Budget Plan to the Finance Committee/Governing Board ***(delete as applicable)*** for approval during the second half of the Spring Term. If final budget settlements by the Local Authority are awaited, a draft budget will be prepared for approval, to be adjusted in the new financial year.

1.2 The Head Teacher will prepare the end of year accounts and reconcile them to the accounts from the Local Authority

1.3 The Head Teacher will prepare Budget Monitoring Reports for the Finance Committee to be submitted to the full Governing Board for approval termly. The Budget Monitoring Reports submitted to the Finance Committee must include the following system reports

* A Cost Centre Group Report or Account Summary Report or equivalent
* A Virement Report,
* A copy of the latest Suspense File
* A system report showing cumulative expenditure of £10,000 or more with an individual supplier. **Note: This is not restricted to an individual financial year and may cross a number of financial years**
* A Bank Reconciliation and Cash Flow Statement (Full Cheque Book schools only)

1.4 The Head Teacher will prepare an annual 3 Year Strategic Financial Plan in line with the Schools Improvement Plan and reflecting the financial and resource consequences for each year including options, where appropriate, for consideration by the Finance Committee

1.5 The Head Teacher may undertake virements and budget revisions up to a value of £ ***(insert amount)*** which should be retrospectively reported to the Finance Committee

1.6 The Head Teacher will recommend virements and associated budget revisions between £ ***(insert amount)*** and £ ***(insert amount)*** to the Finance Committee for approval. Should there be emergency requests relating to staff costs the Head Teacher may obtain the approval of the Chair of Finance until a Finance Committee meeting can be arranged.

1.7 The Head Teacher will recommend virements and budget revisions above a value of £ ***(insert amount)*** to the full Governing Board for approval.

1.8 The Head Teacher may adjust cost centre budgets in response to the receipt of additional funding during the year. These adjustments will be reported back to the Finance Committee

2.0 **EXPENDITURE**

2.1 The Head Teacher can authorise orders to a value of £ ***(insert amount)*** subject to there being appropriate funding available within the budget, without reference to the Finance Committee and subject to obtaining quotations for expenditure over £10,000 in accordance with the Local Authority Financial Regulations and Standing Orders as outlined in the Schools Financial Procedures Manual

2.2 The Head Teacher can authorise orders between £ ***(insert amount)*** and £***(insert amount)*** with the prior approval of the Finance Committee if within budget provision and subject to the receipt of three quotations and in accordance with the Local Authority Financial Regulations and Standing Orders as outlined in the Schools Financial Procedures Manual

2.3 The Head Teacher can authorise orders above £ ***(insert amount)*** if within budget provision with the prior approval of the Governing Board and subject to the receipt of three quotations and in accordance with the Local Authority Financial Regulations and Standing Orders as outlined in the Schools Financial Procedures Manual

2.4 The Head Teacher may incur cumulative expenditure with suppliers, outside of City Council Departments, up to £ ***(insert amount)*,** subject to there being appropriate funding available within the budget, without prior reference to the Finance Committee. This is subject to obtaining quotations for cumulative expenditure of £10,000 or more in accordance with the Local Authority Financial Regulations and Standing Orders. If the cheapest supplier is not selected a written justification should be presented to the Finance Committee requesting an exemption from Standing Orders which if given should be documented within the minutes of the meeting.

2.5 The Head Teacher should provide a system report at each Finance Committee meeting to show cumulative expenditure with suppliers in excess of £10,000. **Note: This is not restricted to an individual financial year and may cross a number of financial years**

2.6 The Head Teacher will ensure that where expenditure is likely to exceed £181,302 the tendering procedure will be implemented in accordance with the Local Authority Financial Regulations and Standing Orders

3.0 **ASSETS**

3.1 The Head Teacher will maintain an inventory record in accordance with the current Financial Regulations

3.2 The Head Teacher has authority to write off and dispose of assets. All such events must be reported to the Finance Committee at the next meeting

4.0 **OTHER**

4.1 The Head Teacher will manage and maintain adequate records for unofficial funds and will arrange for annual audited accounts to be submitted to the Finance Committee for their approval

4.2 The Head Teacher will maintain and develop adequate financial systems and records to protect the school assets and in accordance with the Local Authority Financial Regulations and Standing Orders as outlined in the Schools Financial Procedures Manual. The Head Teacher will make recommendations to the Finance Committee for the improvement of financial systems and records where appropriate.

4.3 The Head Teacher will report and make recommendations to the Finance Committee on any proposed changes which the Local Authority may request to be made to the Financial Regulations and Standing Orders.

4.4 The Head Teacher will ensure that the school fulfils the requirements of the Schools Financial Value Standard, on an annual basis, and provides the Finance Committee and the Governing Board with regular updates on progress

**NB THIS DELEGATION STATEMENT WILL BE REVIEWED AND UPDATED BY THE FINANCE COMMITTEE ON AN ANNUAL BASIS.**

**APPENDIX E**

**Twenty Questions ~ 2nd Edition 2015 - NGA**

**Key questions every governing board should ask itself**

Strong governance is essential for good schools. In too many schools, governing boards are not effective or confident enough. One of a governing board’s three key functions is to support and challenge head teachers, holding them to account so that pupils get the best possible education. But governing boards also need support and challenge. Three years ago we set out to encourage governors to challenge themselves as the best governing boards already did.

This first edition of 20 questions for governing bodies was developed by the National Governors’ Association (NGA) and the Key for School Governors but we consulted widely at the May 2012 meeting of the APPG and published at the APPG’s summer 2012 reception.

Since then they have been used extensively by many governing boards across England when reviewing their governance practice, and it was timely to review them in the light of that experience.

Once again the questions are **NOT** attempting to**:**

 cover every aspect of effective governance,

 give the answers – these can only be obtained from reflecting honestly and fully on current practice in comparison with others,

 replace the good guidance for governing bodies provided by a range of organisations.

A number of organisations including NGA and the Key have developed material to help governing boards evaluate their performance using these questions and take action following the review to improve governance practice.

These questions are being incorporated into a new guide to strategic planning for school governors and trustees called: *Framework for School Governance* published by NGA and the Wellcome Trust.

We are still committed to keeping these questions to twenty as that has been part of the reason for their widespread. We want to engage as many governing boards as possible in a simple exercise to reflect on their practice. governing boards, especially those which are struggling, can be overwhelmed by too much irrelevant information.

While there are some magnificent governing boards, there are also still some working in isolation without a good understanding of what constitutes effective practice or success. We suggest that every school should engage with these ‘20 questions’. Please send any comments to: education.governance.appg@nga.org.uk.

**20 questions every governing board should ask itself**

**Governing board effectiveness**

**Right skills: Do we have the right skills on the governing board?**

1. Have we completed a skills audit which informs the governor specification we use as the basis of governor appointment and interview?

**Effectiveness: Are we as effective as we could be?**

2. How well do we understand our roles and responsibilities, including what it means to be strategic?

3. Do we have a professional clerk who provides legal advice and oversees the governing board’s induction and development needs?

4. Is the size, composition and committee structure of our governing board conducive to effective working?

5. How do we make use of good practice from across the country?

**Role of the chair: Does our chair show strong and effective leadership?**

6. Do we carry out a regular 360° review of the chair’s performance and elect the chair each year?

7. Do we engage in good succession planning so that no governor serves for longer than two terms of office and the chair is replaced at least every six years?

8. Does the chair carry out an annual review of each governor’s contribution to the board’s performance?

**Vision, ethos and strategy**

**Strategy: Does the school have a clear vision and strategic priorities?**

9. Does our vision look forward three to five years, and does it include what the children who have left the school will have achieved?

10. Have we agreed a strategy with priorities for achieving our vision with key performance indicators against which we can regularly monitor and review the strategy?

11. How effectively does our strategic planning cycle drive the governing board’s activities and agenda setting?

**Engagement: Are we properly engaged with our school community, the wider school sector and the outside world?**

12. How well do we listen to, understand and respond to our pupils, parents and staff?

13. How do we make regular reports on the work of the governing board to our parents and local community?

14. What benefit does the school draw from collaboration with other schools and other sectors, locally and nationally?

**Effective accountability**

**Accountability of the executive: Do we hold the school leaders to account?**

15. How well do we understand the school’s performance data (including in-year progress tracking data) so we can properly hold school leaders to account?

16. Do governors regularly visit the school to get to know it and monitor the implementation of the school strategy?

17. How well does our policy review schedule work and how do we ensure compliance?

18. Do we know how effective performance management of all staff is within the school?

19. Are our financial management systems robust so we can ensure best value for money?

**Impact: Are we having an impact on outcomes for pupils?**

20. How much has the school improved over the last three years, and what has the governing board’s contribution been to this?

2nd edition 2015

**APPENDIX F**

**Declaration of Pecuniary and Personal Interest**

|  |  |
| --- | --- |
| **Name:** |  |
| **School:** |  |
| **Position:** |  |

I [Name], declare as a Governor/member of staff of **[School Name]** that I hold the following personal and/or pecuniary interest(s):

|  |  |
| --- | --- |
| **Pecuniary interests** | **Please provide details of the interest** |
| Current employment |  |
| Businesses (of which I am a partner or sole proprietor) |  |
| Company directorships – details of all companies of which I am a director |  |
| Charity trusteeships – details of all companies of which I am a trustee |  |
| Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management |  |
| Gifts or hospitality offered to you by external bodies while acting in your position as a Governor or member of staff and whether this was declined or accepted in the last 12 months |  |
| Contracts offered by you for the supply of goods and/or services to the School  |  |
| Any other conflict |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Personal interests** | **Name** | **Relationship to me** | **Organisation** | **Nature of the interest** |
| Immediate family/close connections to a Governor or member of staff |  |  |  |  |
| Company directorships or trusteeships of family/close connections to Governor or member of staff |  |  |  |  |

**If you are a Governor or member of staff of any other School please provide details below:**

|  |  |
| --- | --- |
| **Name of School** |  |
| **Position held:**  |  |
| **Date appointed/elected to post:** |  |
| **Date of termination to post:** |  |

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly, to myself or any relation in any contract, proposed contract or other matter when present at a meeting at the school where such contract or matters comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually and give consent for the information provided to be used in accordance with the School’s conflicts of interest policy.

|  |  |
| --- | --- |
| **Signed:** |  |
| **Date:** |  |

**Guidance notes**

Governors and Staff have a legal duty to act only in the best interests of their schools. Where a situation arises in which they cannot do this due to any personal interest they have, steps should be taken to identify, prevent and record the conflict. This ensures that Governors and Staff are acting in the best interests of the school.

In the declaration above, you must provide details relating to:

* Your ownership or partnership of a company or organisation which may be used by the school to provide goods or services;
* Goods or services you offer which may be used by the school;
* Any close relation you have to someone who satisfies either of the above;
* Any close relationship you have to someone who is employed by the school.

Declaring your conflicts of interest is a legal requirement within the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013. However, making an annual declaration does not remove your requirement to make an oral disclosure of the interest and temporarily leave the meeting, where the interest is relevant to something being discussed.

**Pecuniary interests**

Generally, Governors and Staff should not participate in any discussions in which they may directly or indirectly benefit from a pecuniary interest, except where the relevant authority has authorised this i.e. legislation for maintained schools. A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision of the Governing Board. Both direct and indirect interests must be declared.

**Non-pecuniary interests (Conflicts of loyalty)**

There may be a non-pecuniary interest whereby a Governor or member of staff does not stand to gain any benefit but a declaration should still be made. For example, this might be where there is a family member working in the school. Whilst the Governor or member of staff might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

**Handling the Conflict**

The Governing Board must make a decision as to whether or not they should take steps to remove the conflict by:

* Not pursuing the course of action it relates to; or
* Proceeding with it in an alternative way which does not give rise to conflict; or
* Not appointing the governor in question or seeking to secure their resignation.

In the minutes of the meeting, the following should be recorded:

* The nature of the conflict;
* Which governor(s) it relates to;
* Whether a declaration was made in advance of the meeting;
* A brief overview of what was discussed;
* Whether the governor(s) withdrew from the meeting;
* How the governors made the decision in the best interests of the school.

The School and Early Years Finance (England) Regulations 2013 provides for local authority financing schemes to keep a register of pecuniary interests for the governors and staff of schools. The register should be reviewed annually by the Clerk to the Governing Board but any new interest or ceased interest, should be reported to the Clerk as and when they occur. Upon completion, this signed form should be given to the Clerk of Governors whose responsibility it is to keep a register of all interests and review it annually. You can find NGA’s model conflict register on the [NGA’s website](http://www.nga.org.uk/Guidance/Legislation%2Cpolicies-and-procedures/Model-Policies/The-Register-of-Governors-Business-Interests.aspx).

The Charity Commission has produced [guidance on dealing with conflicts of interests](https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29) which may be useful, even for schools that do not have charitable status.

**APPENDIX G**

**FINANCIAL MANAGEMENT SKILLS ANALYSIS MATRIX FOR SCHOOL STAFF**

**Introduction**

This matrix summarises the financial management skills that best practice determines should be held by staff with financial management responsibility within the school. This skills matrix can be used:

* By individuals who wish to identify their personal training and development needs;
* By Head Teachers and senior leadership teams (SLTs) to find out what financial management competencies are available to the school; and
* By schools as a key development tool for both individuals and the SLT as a whole.

### **How to use the matrix**

The key financial management competency is in bold (e.g. the first is "Leads and manages the development of strategic financial plans"), and examples of the characteristics that demonstrate this competency are provided beneath it.

Examples of who to include when using this tool might be:

* A large school may include – Head Teacher, Deputy Head, SLT, and other main budget holders, School Business Manager, Finance Assistants and Finance Administrator.
* A small school may include – Head Teacher and Finance Administrator.

As schools vary so much in size and are organised in different ways, it is impossible to give precise guidance on who should be included. Main budget holders are likely to include subject leaders or heads of years, but not individual teachers with small budgets for teaching materials or consumables but no wider finance responsibilities. In a small school, teachers will be responsible to someone more senior for the use of that budget, and that more senior person is likely to be part of this review.

Typically, even for the largest school, it would be unusual to include more than 12 people in a review of this kind. For a small primary school, a review is unlikely to include more than 4 people.

**First -** identify who should have key financial expertise and fill in their details at the top of the grid. This allows the grid to be tailored to the individual school’s governing body financial management requirements.

**Second -** for each staff member identified, use the ratings below to show the level at which the person has the relevant expertise, by making reference to the key indicators and the typical examples.

**Third -** on completion, analyse the results to ensure the skills, knowledge and attitudes are spread across the staff in the most appropriate way i.e. there is no over or under concentration of competencies with one specific staff member.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Rating System** | **Highly Competent** | **Competent** | **Developing** | **Not yet developed** |
| **1** | **2** | **3** | **4** |
| Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have significant practical experience
* this is something that you undertake on a regular basis
* this is a personal characteristic or style that you demonstrate all of the time
* there is a regular programme of activities to maintain technical competence
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have some practical experience
* this is something that you undertake on an infrequent basis
* this is a personal characteristic or style that you demonstrate most of the time
* there is a regular programme of activities to maintain technical competence
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have little practical experience
* this is something that you rarely undertake
* this is a personal characteristic or style that you demonstrate some of the time
* there is a programme of activities to develop the technical competence in this area
 | Where relevant to the competency or example, the following apply to the individual concerned:* this is an area in which you have no practical experience
* this is something that you have never undertaken
* this is a personal characteristic or style that you rarely demonstrate
* there is no programme of activities to develop the technical competence in this area
 |

|  |
| --- |
| **A key point is that not all staff need all of these skills, but collectively relevant staff should have these competencies between them. Individuals need only those that are relevant to their area of responsibility.**  |

|  | **HEAD TEACHER / DEPUTY HEAD / SENIOR LEADERSHIP TEAM / MAIN BUDGET HOLDERS / OR EQUIVALENT** | **SCHOOL BUSINESS MANAGER / FINANCE ASSISTANT / FINANCE OFFICER / OR EQUIVALENT** |
| --- | --- | --- |
| **1. Leads and manages the development of strategic financial plans:*** Takes a long term view of financial management issues
* Has knowledge of, and advises governors on the trends in education and their financial implications
* Works with governors to develop the school priorities, aims and objectives
* Knows the role/level that staff should operate
* Able to translate broad aims and priorities into SMART (specific, measurable, achievable, realistic, timebound) objectives
* Delegates tasks to best placed person providing them with necessary direction, guidance and authority to undertake the task(s)
* Promotes team working between staff and with governors
 |  |  |
| **2. Able to research and analyse strategic choices and recommends those most likely to achieve the school’s goals and objectives:*** Able to extract and analyse information in a useful way
* Presents information clearly to others, including governors
* Has an understanding of financial risks and the potential impact
* Uses own experience, networking and lateral thinking to identify different options
* Assesses the financial implications of strategic choices facing the school
* Knows how to focus those matters which are most significant (e.g. the materiality principle)
* Is open to new ideas, consults/listens to stakeholders
* Willing to work in partnership with outside bodies
 |  |  |
| **3. Has a clear understanding of good financial management practices and the school’s performance compared to it:*** Has knowledge of current financial performance of the school
* Regularly participates in networking activities and is outward looking rather than internally focused
* Has knowledge and understanding of internal control processes
* Understands and participates in the school’s self-evaluation activities of financial performance/controls
* Reviews and undertakes benchmarking activities
* Co-operates with external inspectors/auditors etc. and initiates appropriate action in response to their findings
 |  |  |
| **4. Understands statutory financial requirements for the school, including local authority requirements for maintained schools*** Understands the financial framework in which the school operates
* Has knowledge of the school’s funding arrangements and funding streams
* Has knowledge of information that is required by the local authority and DfE
* Ensures that information is provided in line with timescales and deadlines.

  |  |  |
| **5. Understands and can undertake budget setting activities*** Understands finance and budgeting
* Has numeric skills
* Understands that resource allocation can affect outcomes and focuses on this, rather than just looking at inputs
* Pursues income generation opportunities when required
* Understands links between activities of the school and their associated costs.
 |  |  |
| **6. Understands and can undertake budget monitoring activities*** Has knowledge of the financial information that should be provided for review regularly
* Able to interpret budget monitoring information in a useful way
* Communicates budget monitoring information to interested parties and the governing body.
 |  |  |

|  |  |  |
| --- | --- | --- |
| **7. Understands the importance of communicating the school’s performance to stakeholders*** Ascertains and provides information to meet governors needs
* Anticipates stakeholder questions and gets answers
* Establishes trusting and inclusive relationships with school staff, the governing body and the local authority
* Provides financial information to parents as appropriate
* Uses diplomacy when answering difficult questions
 |  |  |
| **8. Demonstrates the personal commitment and qualities required for financial management*** Participates in the financial work of the school by preparing for and attending meetings, contributing to discussions and taking agreed actions
* Takes part in available financial training and chances to develop knowledge / skills / understanding
* Seeks appropriate professional support and development
* Is systematic in the way that tasks are undertaken
* Takes responsibility for self and workload
* Gives and receives constructive feedback
* Understands where to get additional information and advice from
 |  |  |
| **9. Has a clear understanding of the framework of financial control*** Follows good financial practice within statutory and national requirements
* Follows good financial practice in accordance with local requirements
* Has an understanding of own and others roles and contributions in relation to the financial management structure
* Regularly revises financial planning timetables to take account of changes in deadlines
 |  |  |
| **10. Controls and monitors financial systems*** Supervises (controls and monitors) the work of other people
* Ensures that operational, procedural and regulatory requirements are met
* Takes action when things are not being done/done properly/done efficiently
* Supervisory (control and monitoring) activity covers:
* Income received
* Payroll
* Purchasing
* The banking system
* Petty cash holdings and payments
* Taxation system
* Voluntary funds
* The school’s assets
* The financial management system e.g. SIMS, CMIS or any other system
 |  |  |

# **Setting a well-informed and balanced budget**

To set an effective budget, a school needs to carefully examine what its likely income and expenditure will be.

##

## **Timing**

Maintained schools should aim to set their annual budget before the financial year starts (that is, by 1 April), but this may be difficult because Local Authorities are only required to issue school budget shares by the end of March. When schools cannot set their annual budget before 1 April, they should aim to set it as soon as possible after this date. Local Authorities set the date when they require annual budgets from their schools and so schools are advised to check the deadline with their Local Authority. Birmingham schools are required to submit their Governing Body approved Budget Plans to the Local authority by 31st May.

Income from the Local Authority, a key component of the budget, is not known until the Local authority sets its budgets for schools (by the end of February each year). Therefore, the time for detailed budget work is limited and it is important to start the process of effective budget setting before this.

## **Information to use in Budget Setting**

For most of the budget setting process, the figures used will be best estimates. A good budget is only possible if the estimates of likely income and required expenditure are realistic. The three most important estimates are as follows.

* The Local Authority’s schools budget for maintained schools (which must include all the Dedicated Schools Grant and pupil premium received but can be added to from the Local Authority’s own resources), and the ESFA post-16 budget (for schools with Sixth Forms). These typically account for over 90% of a school’s annual income. Since your Local Authority and the ESFA both use pupil number based formulae, this estimate is best based on the October annual school census return for the annual budget
* Staffing costs in schools typically account for 75% to 80% of the overall school expenditure. Again, once the annual school census return is complete in January staffing requirements can be estimated and known or planned changes can be entered on a staff salary calculator for the annual budget. The staffing implications of changes in pupil numbers should also be factored in for future periods
* Premises and ICT typically account for a further 10% to 12%. The school’s ICT and Premises development plans should provide the basis for these estimates, as they are costed and prioritised and used to set the provisional budget figures in January for the annual budget

## **Process**

It is important to align the budget setting process with agreeing the schools’ plans for raising standards and attainment. Schools should make sure their budget takes account of their schools’ development priorities and that development plans are costed and can be delivered within the budget. Both should be reviewed on a regular basis.

The full process should involve:

* estimate income:based on annual school census, plus estimates for other income sources
* estimate staff costs: based on a staff salary calculator, taking account of known retirements, responsibility allowances, and similar estimates
* estimate operational expenditure: based on known cost trends for utilities, insurances, supplies, and similar expenditure
* allocate curriculum budgets to departments: use a transparent system to equitably allocate funds in line with need and school development priorities
* identify ICT developments:start with priority one items from the ICT development plan; if funds allow move on to priority two items, and so on
* identify premises developments: start with priority one items from the premises development plan; if funds allow, move on to priority 2 items, and so on
* verify planned levels of unspent balances:ensure the resulting annual surplus or deficit is in line with plans to either recover from an overall deficit position or build up unspent balances to fund future development plans

## **Presentation of the budget and the expected cash flows**

The annual budget needs to be approved by the Governing Body before the start of the financial year or, where this is not practical, as close to the start as possible. The presentation of the budget needs to be clear, and it should aid transparency.

To assist with in-year monitoring, the annual budget should be profiledover the year. A budget profile presents the likely spending pattern over the twelve months of the year, recognising that not all expenditure is likely to be incurred evenly over the twelve months. This process will normally enable schools that have their own bank accounts to profile the expected flow of cashinto and out of its bank account so that it can be sure it will have the cash it requires to pay its likely outgoings and to anticipate borrowing needs or cash investment opportunities.

**APPENDIX H**

**Statement of Internal Control Guide, Specimen & Pre-Certification Checklist for Governors**

|  |
| --- |
| **IMPORTANT – The statement can be signed at any point during the year. Schools should update the SIC annually. Therefore all schools should have, at any given point in time, a Statement of Internal Control that has been signed within the previous 12 calendar months.** **The SIC should reflect the full 12 month period in arrears but should also include information for the period up to and including the signature date. This means that if, for example, the SIC reflects the full 12 month period from 1st April 2016 to 31st March 2017 but is not signed by the school until 12th May 2017 then the statement will make clear that it includes the period up to the time of signing. The text in the Statement has been revised to clarify this requirement.** **To achieve the SFVS, each school will be expected to use the wording given in the specimen statement (Appendix 1) as a minimum.** |

#### 1 Introduction

* 1. Statements of Internal Control (SIC) have been introduced in large sections of both the public and private sectors as part of a move to more effective corporate governance arrangements. Typically, the SIC forms part of a set of documents relating to a financial year's activities that also includes an annual report, financial statements and an external auditor’s report. In essence, the annual report and financial statements describe the operational and financial outcomes for a particular financial year. The statement of internal control acknowledges the entity’s responsibilities for the system of internal control from which those operational and financial outcomes are derived. It is also used to highlight any known problems with that system so that the reader can take these into account when considering the outcomes. The external auditor's report provides further comfort by confirming whether the financial statements present a true and fair view (or present fairly) those financial outcomes.
	2. Schools are responsible for significant amounts of public expenditure, forming part of local authorities who are required to prepare statements of internal control and receive Dedicated Schools Grant from the DfE, who are also required to prepare statements of internal control. Thus, as part of the chain of accountability for their public funds it is logical that schools should also be required to prepare statements of internal control. As most schools do not have their own formal accounts and external audit reports, the statement of internal control in this context will refer to the financial performance set out in the school’s Consistent Financial Reporting (CFR) return and the one page Financial Summary derived from it.
	3. The statement set out in this guide is similar in concept to those used in both local authorities and in central government but has been simplified for use in schools to reflect the comparatively smaller scale of financial activity and consequently the financial expertise available. The SIC is primarily a factual statement setting out the processes that are in place to ensure effective financial management of the school and its resources. Discussion of the draft SIC by the Governing Body, and its ultimate signature by the Head Teacher and key Governors, demonstrates that they acknowledge responsibility for financial management of the school and take that responsibility seriously.
	4. The SIC requires a view to be taken on whether the signatories “are satisfied that the internal control systems in operation at the school during the year were adequate and effective”. While this may seem onerous, it should not require much additional work at all as the basis upon which it is signed is explained and **the assurance to be given is “reasonable” and not “absolute”.** The first is dealt with by describing processes and reviews which should be part of normal school operations and represent the good practice required by the Schools Financial Value Standard (SFVS) The second recognises that statements of this type can never give “absolute” assurance as internal control systems, no matter how sophisticated, can never prevent or detect all errors or irregularities. For example, if key staff were really determined to collude improperly and engage in fraudulent practice, they could get around most internal control systems.

**2 Transparency**

2.1 Taken in conjunction with the CFR Return, the SIC will provide the S151 Officer at the local authority with assurance that the funds managed by a school have been properly controlled and accounted for.

# 2.2 Furthermore, making this statement available to parents who request it serves to show that the school’s financial management is open and transparent

#### 3 The Format of the Statement

# 3.1 The SIC is designed to be brief, but informative. The specimen statement is shown at Appendix 1 and contains five paragraphs:

* **Paragraph 1** explains the Governing Body’s responsibilities. To achieve the SFVS, each school will be expected to use the wording given in the specimen statement (Appendix 1).
* **Paragraph 2** explains the limitations of control systems. This wording is important because it aims to make it clear to the reader that “absolute” assurance cannot be given and is not expected. To achieve the SFVS,each school will be expected to use the wording given in the specimen statement (Appendix 1).
* **Paragraph 3** explains how the Governing Body has satisfied itself that controls are adequate before its representative agrees to sign the statement. To achieve the SFVS, each school will be expected to use the wording given in the specimen statement (Appendix 1) as a minimum. It may be that the Governing Body has carried out additional steps and may wish to add those to this paragraph of the SIC.
* **Paragraph 4** states that the Governing Body is satisfied that internal controls at the school were adequate during the year, assuming this to be the case. If the Governors are not satisfied about the adequacy of key internal controls, they should list briefly any serious / high priority control weaknesses.
* **Paragraph 5** is where planned action to improve the control system is disclosed. Such disclosure is normally only needed if Governors have expressed in paragraph 4 concern about the adequacy of any of the controls.

3.2 The specimen statement is attached as **Appendix 1** and can be tailored for school use, subject to the minimum wording requirements previously clarified.

**4 Deciding Whether to Disclose a Weakness at Paragraph Four**

4.1 When deciding whether or not to disclose that a particular control is inadequate, Governors should take into account all the relevant information available to them, and also consider:

* how likely is the risk, i.e. to what extent the inadequacy of the control(s) puts the school at risk
* the likely impact of the risk on the school if it occurred, for example on the school’s financial position, ability to function, reputation etc.
* the cost of any action needed to reduce the level of risk posed
* whether this cost is justified and proportionate given the risk perceived.

4.2 Figure 1 on the next page illustrates the dynamic relationship between the likelihood of a risk occurring and its potential impact. Internal auditors commonly use such an approach to assess how critical their audit findings are. However, some caution is needed as their terminology varies (some using only three categories of priority or risk, i.e. high, medium and low, while others may use four or five categories), hence the period within which corrective action is to be taken has also been included in the figure below to help ensure consistency. Head Teachers and school Governors may, therefore, wish to rank the control weaknesses they or an internal auditor have identified in terms of gravity of the risk they pose to the school.

4.3 A note of caution is necessary. A matrix such as Figure 1 cannot substitute for the use of informed judgement, by experienced professionals, about the importance of a particular control weakness. Therefore, if the school is uncertain about the gravity of a particular weakness in the control system it should first involve the relevant staff at the school in a discussion about the weakness, and if uncertainty remains it should contact the internal audit section at its Local Authority for advice.

|  |  |  |  |
| --- | --- | --- | --- |
| **Likelihood of risk arising from the weakness** |  | **Degree of Impact** |  |
| **Minimal** | **Moderate** | **Significant** |
| **Likely** | Low/Medium Priority[[1]](#footnote-1) | High Priority | Very High Priority |
| Address within three to six months. | Address urgently[[2]](#footnote-2)2 | Address immediately |
| Do not disclose in SIC | Normally disclose in SIC | Always disclose in SIC |
| **Possible** | Very Low Priority | Medium Priority | High PriorityAddress urgently[[3]](#footnote-3)  |
| Address within nine months. | Address within three months. | Address urgently |
| Do not disclose in SIC | Only disclose in SIC if it is thought particularly useful to do so | Normally disclose in SIC |
| **Unlikely** | Not a Priority | Low Priority | Medium Priority |
| Only address if cost effective and if not prepared to accept the low risk | Address within six months. | Address within three months. |
| Ignore | Do not disclose in SIC | Seldom disclose in SIC |

**Figure 1: An illustration of the qualitative assessment of the priority of control weaknesses**

####

#### 5. Deciding Whether to Sign the Statement of Internal Control

5.1 **The Governing Body should only sign the SIC when it feels it can do so with confidence**, having studied all the available evidence. Governors should be able to derive much of the evidence they need from:

* meeting, or working towards, the Schools Financial Value Standard (SFVS) which incorporates most of the following items;
* their own monitoring of financial management and regular scrutiny of financial reports;
* their regular meetings with the Head Teacher and other staff;
* the most recent report on the school’s finances by the Local Authority appointed internal auditor; and
* annual self–evaluation of the internal control system (for the significant systems not commented on recently by internal audit).

#### 5.2 In addition, members of the Governing Body should have used the *Pre-certification Guidance Checklist for Governors* attached at Appendix 2 before they authorise their representative to sign the SIC. If the Governors answer “*Yes”* to all questions they should be able to sign the statement without the need to tailor paragraph 4 to accommodate their concerns about any of the controls, or to add a fifth paragraph to say how these might be addressed. If they answer “*No”* to any question, they should consider the implications of such a response, and these are explained in the checklist.

5.3 The specimen statement is available as a Word document to be tailored for school use, subject to the minimum wording requirements previously clarified

**6 Possible Sources of Self-Evaluation Checklists for internal control systems**

* 1. Three good sources are:
* *Keeping Your Balance* by the Audit Commission – Revised October 2000, which contains a checklist of internal controls for well-controlled schools
* *Controlling School Finances* – a self-evaluation tool, available on the Audit Commission’s web site at [www.schoolsbudget.audit-commission.gov.uk](http://www.schoolsbudget.audit-commission.gov.uk). This is closely related to the checklist in *Keeping Your Balance* referred to above but is interactive and offers some examples of good practice
* Your **Local Authority finance or internal audit team,** who may be able to provide a checklist tailored to your local context.

**A Specimen Statement of Internal Control for Schools**

1. This statement relates to the Internal controls for (***Insert Name ….*.)** school for the 12 months from *(****date. . . .****)* to *(****date . . . .****),* up to and including the signature date below.The Governing Body is responsible for ensuring that the school:
* keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DfE (CFR) guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DfE guidelines
* maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively

# 2 The system of internal control has been developed and is coordinated by the Head Teacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly

1. Our review of the effectiveness of the systems of internal control is informed by:
* our regular scrutiny of financial and other performance monitoring data
* regular reports from the Head Teacher and other managers to the Governing Body
* the most recent report of the school’s internal auditor dated **(*insert date of last report*)**
* our most recent self-evaluation of the internal controls undertaken **(*insert date*)**

# 4 We are, therefore, satisfied that the internal control systems in operation at the school during the year, up to and including the signature date below, were adequate and effective ***(except for:***

* ***List any notable weaknesses here i.e. those rated as* *requiring remedial action as a high priority)***

# 5 We propose over the coming year to take the following steps to address the weaknesses noted above. (This paragraph should provide either brief details of the action taken, or proposed, to rectify weaknesses in the system of internal control, or a short explanation of why corrective action has not been considered necessary).

By order of the Governing Body of ***(Insert Name)*** School

(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Head Teacher)

(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Chair of Governing Body)

(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Chair of Finance Committee of the Governing Body, where applicable)

**Note:** The sections in brackets and (***Bold / italics****)* need tailoring to reflect the schools particular circumstances.

##### Statement of Internal Control - Pre-Certification Checklist for Governors

# The Statement of Internal Control (SIC) is designed to accompany the DfE Consistent Financial Reporting (CFR) Return and Financial Summary, and so relates to the same completed financial year. The internal controls it refers to are those required as best practice by the Schools Financial Value Standard (SFVS)

# The issues for Governors and the Head Teacher to consider before authorising their representatives to sign the SIC fall into two categories:-

# Specific actions and more general control processes that should have occurred during the financial year in question, up to and including, the signature date; and

* Specific actions needed after the year end when the CFR Return is available.

# The questions are split into these two categories for ease of consideration. That consideration is probably best achieved as a group, perhaps at the committee meeting that approves the CFR Return, and needs to be formally recorded. The questions are structured so that:-

* A “yes” answer to every question would allow the SIC to be signed without any amendment; and
* A “no” answer to any question will require either further action or explanation in the SIC.

|  |  |  |
| --- | --- | --- |
| **Controls that should have operated during the financial year** |  |  |
| **Question** | **Agreed Yes or No** | **Implication of the Answer** |
| Did we set the school budget in line with the priorities detailed in the school development plan either before thebeginning of the financial year (1st April) or as soon as possible thereafter? |  | If yes, no action.If no, paragraph 4 should disclose this weakness. Paragraph 5 should explain the steps being taken to ensure next year’s budget is set on time and reflects the school’s priorities. |
| Did we see regular reports on the school’s financial position during the year, did the Head Teacher and School Business Manager (or equivalent) answer all the questions raised with them and were we satisfied that materially accurate records have been maintained throughout the year? (Regular in this context would refer to termly reports as a minimum and possibly more frequent inlarger schools.) |  | If yes, no action.If no, paragraph 4 should disclose the inadequate base financial records as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.  |
| Did we take appropriate action on all significant matters raised in reports from the internal auditor? |  | If yes, no action.If no, ensure this decision is justified.If, after reflection, it is considered that some action needs to be taken, describe this briefly in paragraph 5. |
| Did we review a risk assessment and take appropriate steps to manage the risks identified, including the introduction of internal controls and/or external insurance cover where required? |  | If yes, no action.If no, the need to conduct a comprehensive risk assessment should be noted in paragraph 4. Paragraph 5 should explain the steps being taken. |

|  |  |  |
| --- | --- | --- |
| ***Question*** | ***Agreed Yes or No*** | ***Implication of the Answer*** |
| ***Control activities required after the end of the financial year*** |
| Has the Head Teacher confirmed that he/she has seen a reconciliation of the school’s base financial records with the latest CFR Return (either prepared from the school’s own system or by the local authority) and Financial Summary that shows they are:* a complete record of the School’s transactions for the year and that the two documents are consistent with each other?
* based on financial records that have met the requirements of the DfE Consistent Financial Reporting (CFR) framework?
 |  | If yes, no action.If no, to the first question, make arrangements for the Head Teacher to complete/review the reconciliation before the SIC is signed and published.If no to the second question, the non-compliance should be noted at paragraph 4 as a weakness. Paragraph 5 should explain the steps being taken to rectify the position. |
| Have we received a report from the internal auditor giving us assurance that the systems of internal financial control operated satisfactorily during the year?**OR**Have we undertaken a thorough self-evaluation of the internal control systems in operation during the year and did not find any weaknesses that needed to be addressed as a high priority? (Section 6 of the R15 guidance lists possible sources of self-evaluation checklists for internal control systems). |  | If yes to either question, no action.If no to both questions, either:delay signing the statement until you have received the report or undertaken the self-evaluation **OR*** if the report or the self-evaluation has identified weaknesses that need to be addressed as a high priority, list them at paragraph 4 and briefly explain in paragraph 5 the action planned to rectify them.
 |
| Are we confident that there are no significant litigation, liabilities or commitments that have arisen after theyear-end, and are not referred to or accounted for in the published financial summaries? |  | If yes, no action.If no, consider if the accounts need adjusting in order to be complete, or whether a Contingent Liability or Gain disclosure note should be added and the Local Authority Finance Department informed. |
| Have we been advised that there has been no actual or potential non-compliance with laws, regulations and codes of practice that could reduce the school’s ability to meet its objectives or cause the school to incur a financial loss, and is this supported by our own knowledge of the school and its activities? |  | If yes, no action.If no, add the appropriate disclosure notes to the income and expenditure account before it is signed and published. |

**Notes:**

* Given the s151 officer has ultimate responsibility for the internal control systems of the whole authority it will be necessary to report the details of any “No” answers to him or her, or more realistically to a representative of the s151 Officer.
* The completed internal controls self-evaluation should be copied to the Local Authority internal audit section to inform its risk assessment and audit planning processes.

     The self-evaluation review may not necessarily have been undertaken by all of those signing the SIC, and performing compliance tests of the operational effectiveness of the controls goes beyond the role of Governors. **What is important is for the review to inform whether reasonable assurances can be given.**

 **APPENDIX I**

**Financial Management Risk Self-Assessment**

**SCHOOL FINANCIAL RISK AND CONTROL CHECKLIST**

#### Area Covered

######  Governance

1. Financial Planning and Budgetary Control
2. Payroll
3. Purchasing Arrangements
4. Payment of Invoices
5. Petty Cash Imprest
6. Inventory/School Assets
7. Income
8. Unofficial Funds
9. Data Security
10. Insurance

## **Checklist 1 – GOVERNANCE**

# **Potential Risks**

**1.** The Governing Body has not put in place procedures, which allow it to fulfill all its responsibilities in managing the school and its finances.

**2**. The lack of clear direction results in weak governance and reduces accountability

 and efficiency.

**3.** The Governing Body is not seen to be managing the school and its finances in a culture of openness.

**4**. Ultimately poor management could result in suspension of the Governing Body’s delegated powers

# **Controlling the Risks**

In accordance with legislation the Governing Body is charged with the responsibility of managing the school and its finances. For day to day operational matters the Governing Body has determined how they will delegate matters to Committees, the Head Teacher and other members of the school staff.

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. The Terms of Reference for the Finance Committee have been agreed by the Governing Body and is reviewed annually. | **Yes/No** | ***State when the Terms of Reference were last reviewed.*** |
| 2. The Terms of reference for the Finance Committee include the delegated authority for the Committee. | **Yes/No.** | ***List values of any delegations*** |
| 3. The Framework for Financial Management/Head Teachers Delegation Statementincludes the responsibilities and value of delegations to the Head Teacher and other members of the school’s staff. | **Yes/No**  | ***List Head Teacher and other staff delegations*** |
| 4. The frequency for Governors Meetings and other Committee Meetings areset out and how minutes are recorded and decisions approved. |  | ***State the frequency of the Governing Body and Finance Committee Meetings.*** |
| 5.The Terms of Reference for the Finance Committeesets out the level and frequency of reports to the Governing Body on the budget and other targets | **Yes/No** |  |
| 6. There is a register of Business Interests for both Governors and Staff. It is reviewed at least annually. | **Yes/No** | ***Register is held by*** ***It was last reviewed*** |
| 7 There is a “Whistle Blowing” policy, which has been made available to all staff. | **Yes/No** (staff and governors) | ***State date of issue to staff*** |

**Checklist 2 – FINANCIAL PLANNING AND BUDGETARY CONTROL**

#  **Potential Risks**

1. Failure to plan ahead over several years and target resources to specific priorities

 reduces effectiveness and levels of improvement.

2. The school fails to manage within its available resources. Its delegated budget is at risk.

# **Controlling the Risks**

The School’s **Development Plan (SDP)** will normally cover a period of 3 to 5 years. To ensure that resources are available to meet its objectives there must be clear links to the **School’s Financial Plan (SFP).** Budgeting and subsequent monitoring are essential to good financial management. As pupil numbers are integral to both planning and formula funding numbers on role must also be regularly monitored

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. The **SDP/SIP** clearly identifies the financial resources required to meet the schools educational objectives and these are included in the **SFP/SBP** | **Yes/No** | **State the planning period for both the SDP** |
| 2. As approximately 80% of the schools budget share is based on pupil numbers a close check is kept on current numbers and any projected variations. | **Yes/No** | **State numbers on roll and any expected variation when October pupil count is completed** |
| 3. The Terms of Reference for the Finance Committee determines who is responsible for monitoring the budget and how often this is reported to the Governing Body or Finance Committee |  | **State who is responsible for monitoring the budget and how often it is reported to the Governing Body** |
| 4. Reports are submitted to the Governing Body in writing and include commitments, outturn forecasts, variations and virements. | **Yes/No** | **State period between meetings** **Value of Head Teacher’s authority to vire monies between heading of expenditure** |
| 5. There is at least a monthly check of the accuracy of both income and expenditure recorded on the Schools Financial Management System | **Yes**/**No** | **State who undertakes this review and how often** |

**Checklist 3 – PAYROLL**

#  **Potential Risks**

1. The school’s staffing structure is not financially sustainable within the existing pupil numbers.

2. Payments are made which are not properly authorized

3. Payroll costs are incorrectly charged to the school.

**Controlling the Risks**

Staffing costs, teaching and non-teaching, account for the majority of the schools budget allocation and it is important that the continuing effects of the staffing structure and any changes are only made in the knowledge that they will be affordable based on budget and pupil projections. It is important that any delegated responsibility for dealing with staffing issues are clear to all concerned It should be clear what delegated authority has been given to make payroll changes and the school should ensure that all payroll costs relate to their school. There is an annual staffing review. All changes to pay are agreed by the Governing Body and minuted accordingly.

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1.The School can detail who is responsible for all aspects of payroll administration | **Yes/No** | **State who can authorise the following and to what value:** **Appointments** **Changes in rates of pay:** **Weekly time sheets:** **Overtime:** **Lettings payments:**  |
| 2. As part of the annual budget setting process there is a review of the staffing structure and its affordability. The outcome is considered by the Governing Body and minuted accordingly | **Yes/No** | **State who is involved in the review and its timing within the budget setting timetable** |
| 3. Payroll procedures make clear who is responsible for checking the payroll to ensure all staff are chargeable to the school and being paid at the correct rate, including any temporary payments  | **Yes/No** | **State who checks the payroll reconciliation and how frequently it is done** |
| 4. Sickness and absence reports are regularly reviewed by the Staffing Committee or Governing Body to determine whether any action is warranted. | **Yes/No** | **State who is responsible for monitoring the additional costs associated with Supply teacher cover i.e. above the insured costs.** |
| 5. All payroll and associated records are kept confidentially with access limited to authorised individuals | **Yes/No** | **State who has access to the payroll records** |

**Checklist 4 – PURCHASING ARRANGEMENTS**

#  **Potential Risks**

1. Failure to achieve best value will affect the school’s continuing viability.

# 2. Without a formal policy there is no certainty that suppliers are chosen impartially and on the basis of fair competition. There is an increased risk of fraud.

# 3. Purchases are made before ensuring they are necessary for the running of the school or that there is adequate budget provision

# 4. Long term leasing arrangements are entered into that are more expensive than those available with the Local Authority.

# 5. Contractors do not comply with Construction Industry Scheme for income tax regulations and the school is fined by the Inland Revenue for non-compliance.

# 6. The school do not ensure that the contracts for services such as cleaning, catering and grounds maintenance supplied by the Council’s in-house contractors or external contractors represent value for money.

# **Controlling the Risks**

It is in the school’s own interests to ensure that it obtains best value. It should regularly review its purchasing policy to ensure that it makes best use of economies of scale. The school must follow the guidance in the Schools Financial Procedures Manual when seeking competitive quotations and tenders to ensure arrangements are transparent and fair.

Legislation requires that where building and repair contractors are used they have a certificate (card) showing they comply with the Construction Industry Tax Scheme.

| **Main Controls** | **Is the Control in Place?** | **How the School meets the Control/Requirements for meeting Control** |
| --- | --- | --- |
| 1.The School is able to demonstrate how it intends to achieve value for money | **Yes/No** | **State who is responsible**  |
| 2. The Terms of Reference/Framework for Financial Management/Head Teachers Delegation Statement includes levels of authority to authorise expenditure and that this is in line with the Schools Financial Procedures Manual that evidence of prices obtained is retained, including verbal quotes | **Yes/No** | **State the value for the various levels of competition and how many suppliers are contacted:-****Verbal quotations** **Written quotations** **Formal Tenders** |
| 3. Prices are taken into account when deciding which price or offer represents best value for the school. | **Yes/No** | **State who can decide which supplier or contractor will be given the contract or asked to supply the goods** |
| 4. Leasing arrangements are entered into only after seeking advice from the Local Authority Corporate Procurement Section | **Yes/No** | **State who has delegated responsibility to enter into a leasing contract.** |
| 5. Prior to placing an order someone ensures that the item/service is necessary and affordable within the schools budget. The agreed expenditure code is recorded on the order. | **Yes/No** | **State who agrees the order is affordable within the budget and determines the expenditure code.**  |
| 6. Before engaging any building and repair contractors someone checks that they have a CITDS card from the Inland Revenue. (Cheque Book/EPA Schools Only). **(See Control note)** | **N/A** | **State who can engage building contractors** |
| 7. All purchases (other than such as utilities) require an official pre-numbered order, including emergency verbal or emergency faxed purchases. |  | **State who can sign orders and to what value.** |
| 8. All orders (including Repairs & Maintenance) include a full description and agreed price to facilitate accurate checking of deliveries, invoices. | **Yes/No** | **Should also ensure that delivery address is always the school address.** |
| 9. There are monitoring arrangements in place to ensure domestic service contracts are delivered in accordance with the contract specification. Tenders are sought for significant contracts from external contractors to ensure value for money | **Yes/No** | **E.g. Tenders required for Contracts/Expenditure over £181,302.** |

**Checklist 5 – PAYMENT OF INVOICES**

**Potential Risks**

1. Payments can be made for goods or services, which have not been received or ordered by the school.

2. Payments can be made for the wrong amount or duplicated.

3. Late payment of invoices results in school being charged interest

# **Controlling the Risks**

It is important that separation of duties is part of the procedure for ordering goods and services and the payment of the subsequent invoice. No one person should be able to order, receive and pay for goods and services.

Before any payment is made there are appropriate checks to ensure the accuracy of the invoice and that it agrees with the order and that goods and services have been received. This should not delay the prompt processing of invoices.

The person signing to authorise payment of the invoice is sure that it relates to genuine school expenditure and has been fully checked for accuracy.

**M**

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| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?** | **How the School meets the Control/Requirements for meeting Control** |
| 1. When goods are received this is recorded on the copy order and signed by the person receiving the items. The supplier’s goods received note is attached to the order pending receipt of the invoice. | **Yes/No** | **State who is responsible for accepting goods and services ordered by the school** |
| 2. The invoice is checked for accuracy against the order prices and goods received notes. | **Yes/No** | **State who is responsible for signing the invoice as correct for payment and completing the payment slip** |
| 3. The payment authorisation is signed/reviewed by the Head Teacher or authorised signatory against the appropriate supporting documentation i.e. order, invoice, goods received note | **Yes/No** | **State who can approve the invoice for payment** |
| 4. There are procedures in school to ensure invoices are paid within the legally required Prompt Payment period. | **Yes/No** |  |
| 5. Items purchased which are deemed to be school assets are recorded in the inventory | **Yes/No** | **State who would identify a purchase to be included on the inventory and the criteria used.**  |

**Checklist 6 – SCHOOL IMPREST (PETTY CASH)**

**Potential Risks**

1. Petty cash is used to bypass normal payments procedure.

2. Duplicate payments are made through the creditor or payroll systems.

3. Personal cheques cashed from the petty cash float

4. A minimal cash float is held and is in a secure place.

5. Imprest bank account becomes overdrawn.

**Controlling the Risks**

The imprest is only available for use in emergencies and for items, which would be inappropriate to put through the creditors or payroll systems

Although amounts involved are relatively small the same principles of accountability apply and no one person should be responsible for all aspects e.g. authorizing and paying out and reconciliation of the bank account.

 **Controls Is the Control in Place How the school meets the control.**..

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place ?** | **How the School meets the Control/Requirements for meeting Control** |
| 1. The operation of the petty cash account is in accordance with the Schools Financial Procedures Manual. | **Yes/No** |  |
| 2. The bank mandate includes at least three authorized signatories for the petty cash account and two signatories are required on cheques. All signatories are current employees of the school. | **Yes/No** | **State names of authorised signatories** |
| 3. Reimbursements are made in cheque form wherever possible. Where a cash float is used: a record of all transactions is maintained, and shows the balance remaining after each transaction; staff sign to acknowledge receipt of cash; the float is reimbursed to a set level each time. | **Yes/No** |  |
| 4. Full VAT Receipts are held for all expenditure claimed. | **Yes/No** |  |
| 5. The petty cash account (Including any float) is reconciled on at least a termly basis, and the reconciliation is reviewed and signed by an independent person. | **Yes/No** | **Evidence of latest reconciliation.** |
| 6. The School seeks to restrict petty cash expenditure to the limits laid down in the School’s Financial Procedures Manual, except where exemptions have been allowed (eg, educational visits). The limits are only exceeded in emergency situations, and when they are exceeded, documented Head Teacher approval is given. Invoices are not split to circumvent these limits. | **Yes/No** |  |
| 7. Adequate security is provided for petty cash, cash floats and cheque books in accordance with the Schools Financial Procedures Manual. | **Yes/No** |  |
| 8. Petty Cash is only used for purchases that are appropriate for the purposes of the School. | **Yes/No** |  |

**Checklist 7 – SCHOOL ASSETS – INVENTORY**

**Potential Risks**

# 1. No independent record of assets held within the school leading to loss from theft, permanent loan or failure to include in an insurance claim.

2. Failure to include electrical items in health and safety checks

3. Lack of identification detail reduces chance of recovery.

4. Failure to credit income from sale of asset to delegated budget.

# 5. Failure to keep a record of loans to staff invalidates insurance requirements of equipment taken off school premises

# 6. Lack of control over stocks of materials and other consumables results in loss and

#  waste as well as stock being unavailable when needed.

# **Controlling the Risks**

Resources are scarce and it is important to ensure that valuable and attractive assets are identified at the time of purchase (however funded) recorded by location and held securely.

All staff are clear about the items for which they have responsibility in their location.

A designated member of staff has responsibility for the inventory system. This person holds copies of the location inventory, ensures they are up to date and carries out an independent annual check.

A copy of the inventory is held off-site in case of fire.

A designated member of staff has overall responsibility for ordering and controlling stocks. This includes ensuring stocks are securely held, access is limited, usage is recorded and regular checks are made to ensure stock in hand is reasonable and agrees to stock records

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. An inventory record is held and appropriate checks are undertaken in accordance with the School’s Financial Procedures Manual. | **Yes/No** | **Identify if electronic or manual.** |
| 2. An inventory record is maintained in the standard format for all equipment that has a value of £1,000 or more, and for all attractive items (e.g. Lap Tops, I pads, Cameras etc) irrespective of value. | **Yes/No** |  |
| 3. The Inventory record is checked to the equipment on an annual basis, and this check is recorded (signed and dated by the person undertaking the check) in the inventory. This check is carried out by someone who is not in charge of the inventory records. | **Yes/No** |  |
| 4. The Governing Body has established a control framework for the approval and reporting of write offs. | **Yes/No** |  |
| 5. Any discrepancies or obsolete equipment have been referred to the appropriate source for approval to write off. | **Yes/No** |  |
| 6. A record is maintained for all equipment loaned by staff, which documents the issue / return of the items, and has the signed authorisation of the approving officer.Prior approval for the loan is obtained from the Head Teacher or another designated officer.Items are checked upon return to verify that they are not damaged.The record is checked regularly to ensure items are returned. | **Yes/No** | **Evidence of records maintained identifying issue /receipt of loans.** |
| 7. Any Items that have been received as gifts or bequests have been entered onto the inventory. |  | **e.g. donations from PTA etc.** |
| 8. Appropriate procedures are in place for any inventories held in a computer format ie: they are printed off half-termly (Secondary) or termly (Primary); passed to an independent person to check against the previous printout; signed by that person and retained on file. | **Yes/No** | **Evidence procedure adhered to.** |

**Checklist 8 – MISCELLANEOUS INCOME – DELEGATED BUDGET**

**Potential Risks**

1. School fails to maximise all potential sources of income.

2. Income due to the school is not collected.

3. Monies collected by the school are not accounted for and banked in full.

# Delegated budget and school fund records do not ensure that monies are accounted for separately i.e. funds become mixed

5. Cash is not held securely and is vulnerable to loss/theft.

# **Controlling the Risks**

To maximise income there should be annual review of all potential sources and the charges to be made. Expected income should be recorded by individual source in the Schools Financial Management System and actual income received monitored against those expectations just as with expenditure. The Governing Body should be given explanations as to any shortfalls as part of the budget monitoring process. Cash is the most attractive asset and at greatest potential risk from misappropriation. There should be sufficient controls within the cash collection and banking procedures to ensure the interests of the school are protected as well as the individuals involved in accounting for it. There should be in place an audit trail, which identifies the person responsible for the cash at each stage of collection and banking. Money should be entered into an accounting record as soon as it is received (preferably the LA Paying in Book or a receipt book showing whether monies are cash or cheque). There should be evidence of independent checks to ensure it is accounted for in full and banked accordingly. Signatures should be obtained as money passes from one person to another. The accounting records should be reconciled to monies in hand almost daily. Banking should be at least weekly with an independent person agreeing that all monies per the records have been included

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. The school clearly sets out the process for reviewing and monitoring all potential income sources and charges. | **Yes/No** | **State the date charges were last reviewed** |
| 2. Financial procedures clearly determine the roles of individual members of staff, providing adequate level of internal check for all sources of income. | **Yes/No** | **State who accounts and banks the money and who makes sure it is for all monies in hand** |
| 3. A record is taken of all monies at the time it is received. | **Yes/No** | **State whether receipts are given for monies received or Is recorded in a daily cash book** |
| 4. There are separate receipt books/cash received records for delegated budget and school fund |  | **The school needs to ensure that official and unofficial funds are separately accounted for and not mixed under any circumstances.**  |
| 5. All staff have been given a copy of the procedures in school for handing monies over to the person responsible for banking | **Yes/No**  | **Staff are made aware of the requirements of the School Financial Procedures manual and where the specific chapter can be located on website.** |
| 6. Accounting records are updated regularly and reconciled to the monies in hand. Banking is not less than weekly. |  | **State how often monies are reconciled and banked** |
| 7. Monies are held securely in accordance with the school’s fidelity guarantee insurance requirements. |  | **Who has keys giving access to the monies?** |
| 8. Someone independent of the person responsible for collecting income ensures that monies shown as banked in the income records and is accurately recorded on the Financial Management System. |  | **State who checks the accuracy of the income returns to the LA** |
| 9. Wherever possible money for any lettings or other service is received in advance rather than giving credit by sending an invoice after the event. |  |  |
| 10. The person reviewing outstanding debts and reporting to the Governing Body, including write-off, is not the person collecting payments |  |  |
| 11. The Finance Committee receive reports on the levels of income received against the original estimate and details of any arrears |  | **State the frequency of such reports** |
| 12. Two people always empty & agree the monies collected from pay phones, vending machines. |  | **State who holds the keys to the cash boxes for vending and pay phones** |
| 13. Arrangements are in place to ensure monies at para 12 are reasonable e.g. cover cost of stock sold or cost of calls on the pay-phone bill |  | **State who checks the income received to independent records e.g. vending sales and pay-phone bill** |

**Checklist 9 – UNOFFICIAL FUNDS**

**Potential Risks**

1. Levels of accountability and stewardship are not of the same standard as for the delegated budget.

2. Delegated budget income is credited to the voluntary fund.

# 3. There is a lack of internal check/division of duties between the delegated budget and voluntary fund monies.

4. The level and number of cash transactions increases the risk of error and loss.

5. Failure to check profitability levels on tuck shop sales can result in loss.

# 6. There is no independent review to ensure that income received is at least sufficient to cover payments made for individual school trips.

7. Fail to comply with Charity Commission requirements.

# **Controlling the Risks**

The Governing Body are the Trustees of the School Fund and must ensure all monies are properly accounted for and spent appropriately. The level of financial control and the procedures are no less stringent than for the schools delegated budget. Separation of duties are in place and because of the volume of cash transactions there are regular independent reconciliation’s of the monies in hand, accounting records and bank account.

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. The operation of the unofficial funds is in accordance with the Schools Financial Procedures Manual, the Financial Regulations for Fair Funding. | **Yes/No** |  |
| 2. Each unofficial fund is in an appropriate name (e.g. “name of school fund”) and not in the name of individual members of staff. | **Yes/No** | **A list of all official funds and copies of associated bank statements will confirm adherence.** |
| 3. There are a minimum of three signatories on each fund and two signatories are required on each cheque (or for withdrawals from deposit accounts) | **Yes/No** | **State names of authorised signatories** |
| 4. All expenditure can be supported by receipts or invoices, is appropriate and incurred for the benefit of the school only. | **Yes/No** | **Income and expenditure records should be maintained for each account and receipts retained to account for all expenditure.**  |
| 5. Official and Unofficial funds are not mixed. | **Yes/No** | **See previous re miscellaneous income.** |
| 6. Annual accounts are produced for each fund. These are audited by someone independent of the fund and of the school, who provides an opinion on the accounts and signs them. The signed, audited accounts are presented to the Governing Body for Information. | **Yes/No** | **State the date of the accounts last audited** |

**Checklist 10 – INSURANCE**

**Potential Risks**

# 1. The school has opted to make its own arrangements for insurance related matters and as a result there is a shortfall in effective cover.

# 2. The school has risks outside the present level of cover provided by the Local Authority

**Controlling the Risks**.

Adequate insurance must be in place to provide the school with assurance that its continued viability will not be put in doubt in the event of an unexpected loss or occurrence. The school should review its insurance requirements annually and decide how best to provide the commensurate level of cover to the risks involved. The minimum requirements will be determined by the Local Authority.

|  |  |  |
| --- | --- | --- |
| **Main Controls** | **Is the Control in Place?**  | **How the School meets the Control/Requirements for meeting Control** |
| 1. Where the school does not take up the Local Authority Insurance arrangements there is an annual review of the risks to be covered. The level of cover is at least equivalent to that provided by the Local Authority scheme and includes for the School Voluntary Fund. |  | **State when the schools insurance arrangements were last reviewed.**Where the school has opted out of BCC insurance cover a current insurance document should be reviewed and compared with the details identified within the relevant chapter of the schools procedures manual to ensure compliance with required cover details, i.e. public liability and that an inspection of the building has taken place. |



**(Insert school name)**

**Business Continuity Plan**

**Plan owner: Chair of Governors**

**Plan co-ordinator: Head Teacher**

**Plan author: Head Teacher or nominee**

This revision: Version x.x, xx-xx-xxxx

Date for review: xx-xx-xxxx

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# **Section 1: Introduction**

# **Background**

The Council’s Business Continuity Management Framework is in line with statutory (Civil Contingencies Act, 2004 guidance) and good practice business continuity guidelines.

Corporate plans and arrangements are well developed to assist with the Council’s co-ordination and management of resources during and after emergencies and business interruptions. Individual services maintain local business continuity plans and arrangements to protect delivery of critical services (typically these will be services that must be delivered even during times of disruption / emergencies, e.g. health and welfare related and/or statutory duty of care).

Similarly, individual schools are required to ensure continuity of statutory service delivery, ensuring continued compliance with legislative requirements.

Development of this Business Continuity Plan brings together a range of continuity measures already in place within schools into a single document that enables consistency of approach across all Birmingham schools and serves as assurance to parents, teachers and governors that the school has contingency measures in place.

# **Business Continuity Management (BCM) Responsibilities**

The Head Teacher is responsible for ensuring local testing of plans and reviewing / updating annually or if any significant staff changes occur - whichever happens first.

The Business Continuity Plan (BCP) is updated in line with the school’s business planning and risk register review process to ensure that BCP priorities consider key school activities and risks.

# **Plan Distribution**

Electronic copies of the Business Continuity Plan (BCP) are distributed to all school staff listed in the table below.

|  |
| --- |
| **BCP Key Contacts and Distribution List** |
| **Name** | **Position** | **Email / Tel** |
|  |  |  |
|  |  |  |
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|  |  |  |

# **Aim**

The aim of this plan is to help the Head Teacher and school staff to respond to incidents that disrupt the daily operation and smooth running of normal business. This will be achieved by:

* Creating an awareness of the need for planned arrangements to be made;
* Providing re-assurance of the practical help that is available from the Children and Young People Directorate of Birmingham City Council and other agencies at short notice;
* Passing on advice based upon previous experience; and
* Giving guidance on other sources of information and help.

Emergencies have impacts that go beyond those individuals and activities directly affected. Further, everyday ‘minor’ incidents can cause significant disruption to normal business resulting from:

* Denial of access to buildings;
* Denial of access to transport;
* Absence of key staff;
* Loss of critical data;
* Loss of ICT facilities (telephony, hardware, network, Internet access);
* Loss of utilities (power and water);
* Loss of key suppliers; and
* Failure to provide contracted services to other organisations.

# **Scope**

This Plan addresses activities undertaken directly by the school in fulfilling its statutory duties, legal and contractual obligations. The school profile is outlined in **Appendix A** and information on critical school activities is contained in Section 3.

Arrangements for the management of incidents occurring outside of school premises e.g. school trips.

# **Information Security**

In the event of a business interruption, all reasonable steps must be taken to ensure that consideration is given to safeguarding and protecting data, safeguarding and protecting data, both manual and electronic.

# **Personal Information**

In order for this plan to be effectively managed it will need to contain personal contact details of individuals. The following guidance is provided to assist in ensuring that only necessary personal information is contained with this plan.

Employees:

* Contact details related to work emails, phone numbers or mobile phones can be included.
* Contact details related to personal emails, home addresses and home or personal mobile phones should only be included if:
1. These details are considered necessary in order for the plan to be activated;
2. The employee has been consulted and has agreed to their inclusion.

Non – school employees who need to be contacted on activation of this plan will need to:

* 1. be informed of the information being included;
	2. consent to the information being included;
	3. be advised who will have access to this information.

*Contact details of employees and non-school employees contained within this plan will only be used in the event of this plan being activated. Use of this information is not permitted for any other purpose.*

# **Plan Administration**

**Awareness Raising and Specialist Training**

Awareness of Business Continuity Management (BCM) should be embedded within the school’s management culture. General information, advice and guidance will be issued as appropriate.Key staff within the school may need to be offered specialist Business Continuity Management (BCM) training as and when operational requirements determine the need.

**Plan Validation**

To ensure To ensure that the plan remains ‘fit for purpose’ r, regular validation by exercise will occur in accordance with a schedule as agreed between the school management team the Governing Body.

**Performance Review and Maintenance**

Following a plan activation, there will be a review / debrief by the Head Teacher or a nominated individual to identify what went well and areas for improvement. The review / debrief will be documented and reported to the Chair of Governors

This Plan will be subject to annual revision to ensure the accuracy of the information held within it and developments in recognised good practice are incorporated. This will be undertaken by the Head Teacher or nominee.

# **Section 2: Activation**

# **Responsibility for activating the Plan**

1. ……………………… or
2. ……………………… or

their nominees their nominee at the time of the event.

Activation of this plan will involve a meeting that will initially call together:

(list contact names, designation, business / home / mobile tel no’s, etc)

Notification of a business interruption may originate from any source although it is envisaged that it will come from site staff during occupation or from one of the emergency services during unoccupied periods. It is essential that the xxxxx is contacted when a major emergency is declared.

During normal office hours, notification or requests for assistance can be made by telephoning the Children and Young People, School and Governor Support Team on 303 4962 or 303 2541. Outside of normal office hours, or if there is difficulty in making contact during normal office hours, notification or requests for assistance can be made by telephoning 0121 303 4149 and asking for the Duty Emergency Planning Officer to be notified.

# **BCP Activation Checklist**

Start a log of any actions taken, damage, decisions, who has been informed, etc. (inc. date, time, person).

# **Communication**

Communication with service users of interruptions to services will be via …………………………………….

Service Heads will be responsible for notifying staff and internal departments of service disruption.

The following table identifies the school’s interdependencies, and who may need to be contacted due to an emergency / disruption affecting the school:

|  |  |
| --- | --- |
| This school is dependent on:  | Reason for your dependency |
|  |  |
|  |  |
|  |  |
| Other schools / organisations that depend on this school: | Reason for their dependency |
|  |  |
|  |  |
|  |  |

# **Roles and responsibilities**

**Role of Head Teacher / Business Continuity Co-ordinator (BCC)**

The primary role of the Head Teacher / Business Continuity Co-ordinator (BCC) is to oversee the activities of school staff in dealing with the impact of the disruption. This involves:

* Activation of this plan to provide appropriate command and control;
* Impact assessment of immediate consequences and further potential damage **(see Appendix B)**;
* Implementation of appropriate response strategies; and
* Restoration of normal operations once disruption has been dealt with.

**Business Continuity Management (BCM) Team**

This Team will co-ordinate the response to the disruption. The size of the Team will be determined by the nature of the disruption but is likely to contain a minimum of:

* Head Teacher / Business Continuity Co-ordinator;
* log keeper;
* media liaison co-ordinator; and
* administrative staff.

**Role of the Children and Young People Directorate** **of Birmingham City Council**

Where the nature of the disruption warrants it, the school will be supported by the Children and Young People Directorate of Birmingham City Council.

***Figure 1: Plan activation showing information and communication flows:***

# **Head Teacher / Business Continuity Co-ordinator (BCC)**

# **SchoolBusiness ContinuityManagement (BCM) Team**

**Teaching Staff**

**Facilities Staff**

**Admin Staff**

**Media Liaison**

# **Chair ofGovernors**

# **Children and Young People Directorate ofBirminghamCity Council will deploy resourcesto support School as appropriate**

**Media Liaison**

# **Media LiaisonIt is essential that the School and the Children and Young People Directorate of Birmingham City Council co-ordinate their response to requests for information from media. Implementation of existing protocols will minimise the risk of contradictory and/or confusing messages reaching parents and the wider public.**

**The Head Teacher / Business Continuity Co-ordinator (BCC) will notify both the Press Office and the School and Governor Support Team at Birmingham City Council in the event of incidents that may involve liaison with the media.**

#

# **Section 3: School Activities**

# **Assessment of Activities**

The School has identified the activities it undertakes that are critical to its operations. Inability to maintain these will diminish the reputation of the school.

The School is primarily focused on the preparation and delivery of lessons throughout the school year. It may be possible to differentiate the level of criticality based on the age profile of pupils and proximity to key examinations (GCSE etc).

Other activities, e.g. Registration of Attendance and Maintenance of Attendance Records, may be statutory requirements which must be undertaken on a frequency basis, e.g. daily, weekly etc.

# **Dynamic Assessment**

During periods of disruption, the Head Teacher / Business Continuity Co-ordinator (BCC) may re-determine the priority of actions on the basis of immediate need and availability of resources. The following priorities should be addressed at all times during activation of this Plan:

* pupil and staff safety;
* maintaining provision of education and pupil welfare; and
* minimising financial loss.

# **Critical activities**

The following table assists with the identification of:

* Which school activities are critical (must be maintained at times of disruption)?
* How disruption affects these activities over time and against a range of business disruption risks (i.e this is the *Business Impact Analysis*).
* The resources required to return to normal levels of service delivery.

 **Critical activities summary**

|  |
| --- |
| **Guidelines for deciding if the activity is critical to the school, i.e., What would happen if that section stopped functioning? Consider the impact against each of the headings shown.** |
| **Function**  | **Is there an impact on human welfare/****environment/****security?** | **Legal Implications (delivery is a statutory requirement)** | **Financial Implications (loss of revenue/ payment of compensation)** | **Is the function critical for the School?** | **Comments** | **Contact Officer****(i.e. person responsible for service delivery: Head of Service, Manager, etc)** |
|  | **Y/N** | **Y/N** | **Y/N** | **Y/N** |  |  |
|  |  |  |  |  |   |   |
|   |  |  |  |  |   |   |
|   |  |  |  |  |   |   |
|   |  |  |  |  |   |   |

**Business Impact Analysis**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Priority**  | **1** | **2** | **3** | **4** |
|  | **Function / description of service** |   |   |   |   |
| **Effect on service delivery if….** | **Shutdown for 24hours** |   |   |   |   |
| **Shutdown for up to 3 days** |   |   |   |   |
| **Shutdown for 4 days or more** |   |   |   |   |
| **How is the function affected by the following disruptions?** | **There is a Fuel shortage? Are key staff critical car users?** |   |   |   |   |
| **Utility failure (Power, Water, Gas, Telecoms)** |   |   |   |   |
| **Long term and / or significant staff absence.** **What are minimum staffing no’s?** |   |   |   |   |
| **Key building(s) unavailable? Is there an agreed alternative? Can key staff work from home?** |   |   |   |   |
| **Severe weather (Flooding, Heavy Snow, Heatwave)** |   |   |   |   |
| **Supply chain failure** |   |   |   |   |
| **IT failure – is the IT system protected with Service Birmingham’s Disaster Recovery Plan (SBDRP)? If not under SBDRP, then what local arrangements are in place?**  |   |   |   |   |

**Recovery requirements**

|  |  |
| --- | --- |
| **Critical Activities:** |  |
| Time | Staff | Premises | Equipment | Transport | Other |
| First 24 hours |  |  |  |     |     |
| 24 – 48 hours |  |     |     |     |     |
| Up to 1 week |  |     |     |     |     |
| Up to 2 weeks |  |     |     |     |     |

# **Risk Analysis**

The aim of the risk analysis is to identify the events that could adversely disrupt the schools’ critical activities, and identify how those activities could be made more robust to disruption.

The risk analysis should consider risks such as those identified as part of the School’s Risk Register and where applicable the Children and Young People Directorate Risk Register.

(This is linked to the Business Impact Analysis earlier in this plan)

|  |  |  |  |
| --- | --- | --- | --- |
| **Hazard (examples)** | **Controls in place** | **Further control measures possible**  | **Key contacts (for recovery not emergency assistance)** |
| Fire |  |  |  |
| Loss of Building(s) |  |  |  |
| IT Failure - general |  |  |  |
| Power Failure |  |  |  |
| Loss of Key Staff  |  |  |  |
| Significant levels or long term staff absence  |  |  |  |
| Loss of Documentation |  |  |  |
| Telecoms failure |  |  |  |
| Flooding |  |  |  |
| Fuel shortage |  |  |  |
| Supply chain failure (equipment; agency staff; catering, etc) |  |  |  |
| Loss of funding or income  |  |  |  |

# **Appendix A: School Profile**

|  |  |
| --- | --- |
| **School Name** |  |
| **Address** | Identify additional locations if school operates on more than one site |
| **DFE Number** |  |
| **School Status** | LA, PFI, BSF, Religious, Special etc |
| **Pupil Profile** | Roll number and ages taught |
| **Opening Hours** | Roll number and ages taught |
| **Other Features** | Additional Resourced Centre (ARC) - Specialism;Nursery (number of children);Breakfast Club (number of children);After School Club (number of children);Is school used for Adult Education Classes. |
| **Head Teacher** | Name  |
| **Management Team** | ?  |
| **Teaching Staff** | ?  |
| **Facilities Staff** | ?  |
| **Administrative Staff** | ?  |
| **Other Staff** | ?  |
| **Chair of Governors** |   |
| **Board of Governors** | ?  |
| **Emergency Role** | Is the school designated as a Rest Centre in the Council’s Emergency Response Plan? |
| **Other Information** | Any other information considered relevant |

*(It may be more useful to attach an existing document that has school profile information rather than duplicating information here)*

# **Appendix B: Impact Assessment**

**Monitoring Impact**

The Head Teacher / Business Continuity Co-ordinator (BCC) will monitor the level of impact on normal operations. This will include resources diverted to respond to the incident and those assets that have been depleted (either damaged/destroyed or merely subject to temporary denial of access). Dynamic assessment of the extent of disruption will establish the need for intervention. This can then be viewed in the context of resources available to fully restore normal operations.

* Pupil welfare
* Staffing issues
* Security
* Health and safety
* Premises
* IT systems
* Electronic and paper records
* Utilities
* Classroom and administration office equipment
* Transport
* Interdependency Issues
* Media and reputation issues
* Finance
* Forthcoming events / scheduled critical activities
* Statutory reporting / performance data

**Premises – Information provided by BCC Acivico Team:**

1. **If you are a member of the Schools Emergency Property Service (SERPS)**

(Administered by Acivico )

The scheme helps schools stay open and provide a warm and safe environment in which young people can learn. It also helps head teachers and the school’s governing body meet their building related statutory obligations.

When an emergency occurs (such as a boiler breakdown, roof leak or asbestos incident), schools in the scheme are brought back to full operating capacity as soon as possible.

In the event of a major occurrence, Acivico will act as your professional property advisor and will assist you in discussions with the Education Asset Management Team.

**Emergency Help Desk Telephone Number:**

**0121 303 6425**

8 am to 4:30 pm (Monday to Thursday)

8 am to 3.30 pm (Friday)

**Emergency Help Desk out of office hours:**

**0121 303 4149**

1. **If you are NOT a member of the Schools Emergency Property Service**

For advice please contact:

* 0121 303 6777 **Schools in North Birmingham**
* 0121 303 6482 **Schools in South Birmingham**
* 0121 303 7320 **Electrical & mechanical issues (all schools)**
1. Whether it is a medium or low depends on specific details such as the volume of activity affected by the weakness. High volume areas would probably be assessed as medium because of the accumulation effect of many small errors. Low volume areas would probably be considered a low priority. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. Urgent implies action within weeks rather than months. Please note that all the time periods indicated in figure 1 are purely illustrative and aim to show the relative urgency of different weaknesses. Actual implementation plans will need to be locally determined taking account of all relevant known factors. [↑](#footnote-ref-3)