

Ecton Brook Cluster

Theme 9: Financial, audit and management control improvements leading to savings or improved reporting and compliance

Audit and financial assurance requirements in academy schools mean there is a need to have a process in place for independent checking of financial controls, systems, transactions and risks. Following an initial review at each school, it became clear that there were substantial differences in the way that certain financial transactions were carried out and reports prepared.

Northampton Primary Academy Trust (NPAT) was formed in November 2012 and currently consists of five primary schools within close proximity of each other.

Three of the schools are PFI, one school was previously a foundation school and another school is a Church school. Two of the schools are dual sited and between all five schools, there is currently a total of 1700 pupils. NPAT has been working closely with another PFI school which will be joining NPAT from 1st April 2015 and will bring the pupil total to 2100.

Although all of the schools have very different backgrounds, they do, however, have one thing in common; inspiring, like minded Headteachers, working together with their Senior Management Teams in ensuring that pupils across the Trust receive the best possible education in the best possible schools.

It is intended the Cluster SBM will lead in the review, implementation, design & monitoring of universal financial systems throughout NPAT.

The key priorities can be summarised as follows:

- To facilitate effective communications between all SBMs, Finance and Administrative staff throughout the academy Trust partnership
- Ensure there are robust, universal financial controls in place
- Ensure best practice principals are applied to new schools as they join NPAT.

Prior to an interim audit being carried out by the External Auditors of NPAT, a thorough review at each school was initially carried out with a view to identifying and addressing any areas of weakness.

During this process, it became apparent that this exercise provided the opportunity to set the foundation for taking forward the best practices and methods, recognised at each of the schools, in order to create a set of universal guidelines and templates, with the aim of improving organisational efficiencies.

To date, this initiative has had a significant impact, not only on the procedural improvements but also on staff morale. Effective communication from the outset has been key. It has promoted the benefits of collaborative working between all of the NPAT office staff who, through the building of their own working relationships, are now more comfortable liaising with one another. It has also provided a mechanism for contingency planning for staff absences with staff being able to cover a similar role at another NPAT school.

A crucial point to recognise in the success of this project has been to ensure effective consultation and involvement of all staff affected by any changes which are implemented. All staff were encouraged to participate in initial meetings where questions asked included:

- What do we all want to achieve?
- Why do we want to achieve it?
- How will we know it's a success?

This reinforced the requirement that any changes implemented must be realistic, achievable and measurable.

Oundle Cluster

The Governors and Headteachers of the cluster schools identified the need for support at the cluster heads meetings. This coincided with the reduction in financial support from the LA, and the emphasis on collaboration from the Department for Education (DfE).

The small schools within the cluster had little capacity to undertake creative financial solutions, achieve economies of scale and to fully audit current working practices and procedures to identify efficiencies and improved systems that would best support pupil outcomes.

Oundle is a cluster of 6 schools (1 middle, 1 large primary school and 4 small village primaries) with approximately 1046 students between them within the larger Oundle Cluster (13 schools in total). The cluster is going through significant change, including moving from 3-tier to 2-tier education in September 2015, and to make education work well, with minimal disruption, it was decided that a Cluster SBM should be employed to improve collaborative working across the business elements of the schools and rationalise standards, policies and financial governance.

Also, considerable building work is required to implement the change and this will not begin until February 2016 which in itself causes additional pressure over the transitional period.

The LA budgets for the transition were lacking the level of clarity required for the school to develop its budget frameworks. A significant amount of time has been spent by the Cluster SBM meeting working and setting out the budgets and discussing these with LA officers for the schools in the project.

Several areas of responsibility were identified for the Cluster SBM role as follows:

- Audit of current business management arrangements & benchmarking – there will be training for finance staff to correctly code expenditure in order to benchmark effectively. Benchmark training for reporting to Governors. Training offered to Governors on understanding benchmarking. Benchmarking exercise undertaken for cluster project.
- Energy efficiencies in schools - the Cluster SBM has a long-standing close working relationship with the Strategic Carbon Reduction Manager for Northamptonshire County Council (NCC). With the change to 2-tier, consultation has been essential to reduce costs at all cluster schools especially where a smaller numbers on roll (NOR) school is to occupy a much larger site (with higher running costs) after re-modelling.
- Health and Safety – policies, structures for monitoring and managing, risk assessments – An audit is currently taking place of all health and safety arrangements in all cluster project schools including policies, internal H&S checks, management & governor monitoring and external checks.
- Joint procurement - the audit has identified, and will continue to identify, areas of focus especially for quickest gains, and grant applications.
- SLAs - all cluster schools SLAs have been reviewed for Education Finance and Capita. The Cluster SBM had several meetings with Capita and Head of IT procurement from NCC about

the Northamptonshire SLA which is more expensive than the national Capita offer. In part this is a historical issue. The Capita contract with NCC is due for renewal and will not be renewed in its current format.

- Ensuring each school is receiving its correct budget allocation from the LA including high needs funding, UIFSM funding and pupil premium funding. The Cluster SBM has been coaching school finance staff to ensure they understand what they should be checking.
- SFVS and effective financial governance – review to be undertaken by Cluster SBM of all SFVS reports, and to go beyond check-list formats. An LA routine audit is being undertaken at one school shortly and the Cluster SBM is carrying out an intensive pre-audit inspection in readiness.

An Action Plan (AP) has been produced for each school which is used as a working document and is updated after each visit and sent to the appropriate school Headteacher. This can also be used as a review document for Governors. The AP includes an analysis of hours worked to date, by whom and cost savings which has been used at a cluster heads review meeting.

There are also different needs in each school and the action plans help focus on priorities. Some individual examples are:

- Increase the NOR. The challenge around this is conflicts of interest in the cluster. Increasing NOR in this one would have a detrimental impact on another cluster school.
- In the small schools with tight budgets, the administration staff are working on an array of tasks and have various responsibilities. The Cluster SBM role involves considerable ‘on the ground coaching’ which is not necessarily perceived as a cost saving.
- There is also lack of parity in pay levels for finance staff in different schools although NCC has a Job Hierarchy.
- Covering support staff absence – this often causes significant issues in a small school. We have been able to come up with cluster solutions to this by sharing staff.

The work of the Cluster SBM and the corresponding improvement in services has meant:

- better standardisation of systems, policies, and procedures (also thereby improving business continuity)
- financial efficiencies
- improved collaboration and CPD (for Staff and Governors)
- the building of resilience across cluster
- improvement of confidence of staff performing financial roles
- better understanding by the Cluster SBM (also chair Northants SBM Forum) of the issues facing small primaries particularly around inadequate finance experience
- better budget management (and identification of budgets not received correctly).
- the ability to identify cluster issues/problems and look for cluster solutions due to regular attendance at schools – e.g. exploring a cluster minibus.

The key learning points were as follows:

- Ensure administration staff are involved from the very beginning as they will need reassurance, ensuring that they understand that the Cluster SBM is a support as opposed to a challenge to their job roles. The Cluster SBM says that “close working, joint training and effective coaching seems to have got us through and the finance staff really value the role.”
- Be clear about what is and isn’t being covered as part of the Cluster SLA and ensure potential conflicts of interest are explored at the outset. Be prepared to be challenged by Governors.

The points which lead to buy-in from Governors for having a Cluster SBM were as follows:

- It can be a really positive experience for schools and not just from a financial perspective
- The amount of Headteacher time saved as a result of having a Cluster SBM cannot be underestimated
- The improvements gained are not always measurable in financial savings
- Evidence all you are doing (use time sheets, action plans, keep financial savings spreadsheet)

Welton

One of the main issues within the cluster was the lack of financial acumen amongst the academy business managers, and how this was impacting on the control on academy finances.

The cluster consists of nine primary academies in Northamptonshire, some are in a very rural setting and some are in urban Northamptonshire, and pupil numbers vary from just over one hundred to over four hundred and twenty. They are all part of the David Ross Education Trust.

The role of the Cluster SBM is to support the academy business managers in preparing their monthly management accounts and then to help them interpret these accounts and report to the school principal on the financial position, ensuring resources are allocated to the most appropriate areas. The Cluster SBM also advises the school governors and attends their finance committee meetings to offer advice and support.

In addition, the Cluster SBM will assist each academy in the preparation of their budgets and in-year projections, and advise accordingly.

Prior to the appointment of the Cluster SBM, the academy business managers had been preparing their individual academy monthly management accounts. Once these accounts had been prepared on a month by month basis it was found that, on the whole, the information was not being maximised. While the academy business managers were able to prepare a budget and post items of income and expenditure to the financial accounting systems, they were unable to accurately report the academy's position against budget or understand what information the balance sheet was providing.

It had become apparent that, as actual spend wasn't being tracked against budget, there was not enough control on academy finances and more control was required to ensure resources were being allocated to the most appropriate areas and ensure income was being maximised and received as budgeted.

As well as supporting the academies preparation of accounts, the Cluster SBM visits the schools monthly to meet with the business manager and the principal, review the accounts and advise on the financial position. This means more control is being taken over the academy finances as a whole utilising the contact with individual schools which has been enabled by having the Cluster SBM. The Trustees are also more confident that the accounts being produced are a true reflection of the academy position and resources are being directed into the most appropriate areas. Principals now feel that the information being provided to them is useful and relevant and are able to make the appropriate financial decisions and the Trustees have confidence in the financial information being produced.

Academy business managers also feel supported by the Cluster SBM and appreciate the Cluster SBM's visits to them; valuing the financial expertise being provided to them.

The business managers in the schools now meet in their own groups without the Cluster SBM regularly to work collaboratively and share ideas leading to increased efficiencies as they share expertise and best practice amongst their academies.

The formation of the cluster group, together with the introduction of a Cluster SBM, has been of benefit to the academies and the Trust would definitely recommend this structure. Following initial concerns from some of the business managers and principals, once they could see the clear benefits before them, they were accepting of, and embraced, the new structure.

