

The ISBL Approach to the strategic use of Integrated Curriculum Financial Planning (ICFP)

Introduction

Early iterations of Integrated Curriculum Financial Planning (ICFP) go back nearly three decades, yet many schools and trusts are yet to have this firmly embedded into their strategic planning and financial monitoring. ISBL believe that ICFP, as a powerful aid to strategic decision making and management action planning, is an essential tool for schools to use in improving the effectiveness and efficiency of their resource use and financial management planning, as it allows for evidence-based decision making.

The Department for Education (DfE)¹ has further strengthened its emphasis on the links between ICFP, effective resource management and efficient financial management. It believes that there is strong evidence linking the effective use of ICFP to the optimisation of resources and sustainable financial plans. ISBL, as the SBPs' professional body, want to ensure that relevant support is available to all school leaders in their strategic financial planning and implementation to ensure they provide an appropriate balance in their allocation and expenditure of resources.

If schools are to deliver effective and efficient resource use and financial management, a strong understanding, implementation and use of ICFP principles is essential. As you consider where and how resources should be allocated to optimise and ensure their effective use to support your progress and outcomes, ICFP should be the key provider of evidence to support your planning, decision-making and implementation.

With a renewed focus on school and trust financial sustainability, there is now an expectation that school business professionals, senior leaders, governors and trustees have a good working knowledge of these principles and adopt a robust approach.

What is ICFP and why is it important?

ICFP is a way to review a school's financial and resource management planning and use against its widest curriculum delivery aims. It helps integrate a school's or trust's teaching and learning ambitions with appropriate strategic consideration of the financial resources available.

It supports the school business professional to approach resource management in a holistic way within their school. It helps them to quantify the areas of inefficiency within a school,

¹ DfE School Resource Management pages: <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>
<https://www.gov.uk/government/publications/supporting-excellent-school-resource-management>

diagnose the causes and then enable informed and collaborative decision-making to ensure the school has effective resource management.

When implemented fully, ICFP can be used to provide the analytical evidence that will inform the medium-term strategic planning as well as the short-term operational management action planning and collaborative decision-making of school business professionals, senior school leaders and governors.

There is no prescribed way of implementing ICFP, but there are several well-established approaches in use, which range in complexity and ease of use. ISBL have worked with Andrew Hamilton, a highly experienced school and multi-academy trust leader, to develop their approach to the use of ICFP and generate the ISBL School Optimisation Tool (I-SOT) and the new Advanced Strategic Optimisation Tool (ASOT) to help schools implement ICFP easily and effectively.

The ISBL Approach

The ISBL approach to ICFP use is based on our belief that a full, effective use of ICFP is the key to excellence in financial management and strategic resource-planning. It is designed to be easy to understand, simple to implement and user-friendly in its application. The I-SOT and ASOT tools are designed to help make the process of implementing ICFP much easier for schools and trusts to do rapidly and effectively.

Our approach uses easily accessible school data including staffing, curriculum and financial information. This data is used to generate a set of diagnostic metrics that can then be discussed and reviewed by the leadership triangle (pedagogy, governance and business) to inform strategic decision-making and collaborative planning.

It uses the essential revenue balances, income and expenditure metrics and the balance between staffing and non-staffing expenditures (the Balances Metrics) for an initial diagnosis. These are then backed up by the evidence provided by a detailed analysis of the major staffing elements, which account for the largest portion of any budget, using 12 key diagnostic staffing metrics (the 12 Key Metrics).

Our metrics are based on those required for DfE reporting and have been refined via the School Resource Management Advisers (SRMAs) out in the field. ISBL is a DfE supplier of SRMAs, and these advisers have used ICFP to help schools and trusts dramatically improve their financial outlook, optimise their use of critical resources and secure their future sustainability.

The Balances Metrics and the 12 Key Metrics are easily analysed and are used to inform the school's decision makers about the effectiveness and efficiency of their financial and resource use. They provide the conversation starters for school business professionals, senior school leaders, governors and trustees, so that they discuss what actions need to be taken to ensure high-quality teaching and learning whilst securing a school's financial health.

The Balances Metrics are the Total and Per Pupil Values for:

- 1.** Direct Grant Revenue Income (DGI)
- 2.** Self-Generated Revenue Income (SGI)
- 3.** Total Revenue Income (TRI)
- 4.** Total Revenue Expenditure (TRE)
- 5.** In-Year Surplus/Deficit (IYB)
- 6.** Cumulative Balance C/F from previous Year (CBB)
- 7.** Cumulative Balance C/F to the next Year (CBF)
- 8.** Percentage of Total Revenue Funding Spent in Total (%TRE)
- 9.** Percentage of Total Revenue Funding Spent on Staffing Costs (%TSC)
- 10.** Percentage of Total Revenue Funding Spent on Non-Staffing Costs (%TNSC)

The 12 Key Staffing Metrics are:

- 1.** Pupil Teacher ratio (PTR)
- 2.** Pupil Adult ratio (PAR)
- 3.** Teacher Contact ratio (TCR)
- 4.** Average Teacher Cost (ATC)
- 5.** Per Hour Lesson Cost (PHLC or PLC)
- 6.** Deployed Average Class Size (DACs or ACS)
- 7.** Total Teaching Staff Costs (TTC) as % of Total Revenue Income (TRI)
- 8.** Curriculum Support Staff Costs (CSC) as % of Total Revenue Income
- 9.** Non-Curriculum Support Staff Costs (NCSC) as % of Total Revenue Income
- 10.** Total Staff Costs (TSC) as % of Total Revenue Income
- 11.** Leadership Costs (LC) as % of Total Teaching Staff Costs
- 12.** Management Costs (MC) as % of Total Teaching Staff Costs

By providing easily digestible information across key areas of a school/trust's operations, education leaders and governors can compare results with nationally recognised benchmarks and make better informed strategic decisions.

Developing our ICFP approach has been a collaborative exercise drawing on the knowledge of school business leadership experts. Our aim is to provide this approach to help support school business professionals in this area by sharing the effective good practice that has been developed in actual school and trust settings to improve the practice of all.

Our project partners

The development of our approach to ICFP started with the inception of the Schools Resource Management Adviser (SRMA) programme to back up and enhance their ability to support schools in improving their resource use efficiency and financial management outcomes. We initially consulted with a number of leading practitioners, ISBL Fellows, key stakeholders, software providers and other technical experts. We built on this further through our on-the-ground experience of using ICFP as a core part of the SRMA programme.

ISBL partnered with Andrew Hamilton, a highly experienced school head and MAT CEO, NLE, ISBL Fellow and accredited SRMA, to develop our approach further. Andrew is the lead practitioner at Ash House Consultancy Ltd. Andrew has been at the vanguard of ICFP and has used his extensive knowledge and experience both as a consultant and practitioner to positively transform school resource management across our education system.

Our partnership built on Andrew's initial development of his Balances and 12 Key Metrics approach and the associated Metrics RAG rating analysis tool, to create and develop ISBL'S unique ICFP tool, I-SOT. The design and specification drew on aspects of existing models and the evolving DfE school resource management toolkit. This tool has been successfully used across the sector for three years, giving schools a user-friendly way of generating the evidence base to support them in improving their resource use and financial management.

What is the current I-SOT?

The I-SOT tool uses readily available and easy-to-access data. On inputting this data, it calculates the essential diagnostic metrics that SBPs find easy to understand and use for analysing the efficiency and effectiveness of their resource use, enabling them to investigate potential areas of inefficiency and make more informed, evidence-based, strategic decisions.

As well as calculating these essential metrics, ISOT also applies a RAG rating system to the metrics to highlight areas of concern that require further investigation. This rating is based on their comparison with up-to-date thresholds that are reviewed and reset twice a year by a panel of experts.

What is the Advanced Strategic Optimisation Tool?

Following positive feedback from I-SOT users over the last four years, Andrew Hamilton identified creative improvements that could be made to further improve and enhance the ways in which I-SOT worked, particularly with regard to increasing its functionality. ISBL has been pleased to work with Andrew to bring these enhancements to the SBP sector in the form of the brand-new product ASOT.

Although it is a brand-new tool, ASOT continues to support and facilitate school business leaders in their financial, staffing and curriculum data collection and analysis, but significantly builds on and enhances I-SOT's existing functionality by providing everything that I-SOT does plus:

- removing the limitation of only using the latest threshold values to assess all years' metrics by providing year-specific thresholds for all years analysed
- providing five years' worth of Key Staffing and Balance metrics with improved analysis against year-specific thresholds
- removing the limitation of having one set of thresholds for the whole country by providing separate thresholds enabling region-specific metric comparisons (National/Fringe and Inner/Outer London)
- providing a summary sheet of all the key values to export into your reporting

mechanisms to share with your senior leadership team (SLT), governors, trustees and other external audiences

- assessing the potential size and financial impact in every metric area by comparison with the green national threshold benchmarks showing typical variance
- using the variance to indicate the possible resource efficiencies to be made by quantifying the potential value of resources being inefficiently used
- indicating how to identify possible causes of the inefficiencies, including some reasons/causes for the calculated metrics being larger or smaller than expected, and
- using the school's size to provide indicative effective leadership and management structures and costings for most school settings, so the SLT can assess their structure's efficiency.
- enhancing the output options so it can export all of the 5 key worksheets into editable Excel format so that they can be easily used for reporting purposes and use in excel, word and pdf documents for use with multiple audiences.

The new functionality provides SBPs with a greater opportunity to analyse and interpret the data collated to identify causes, generate conversation starters, and look for remedies for any issues. It is essential that the SLT uses the outputs to assess the current use of resources against their context and strategic aims and challenge whether alternate use could be more appropriate and provide better balance and outcomes.

Want to learn more about the use of ICFP, I-SOT and ASOT?

We have a variety of training courses to help support school leaders in the use of ICFP including:

- ICFP Fundamentals: <https://isbl.org.uk/icfp-fundamentals-webinar/>
- Using ICFP accurately and effectively in your school (Part 1: Data and Metrics)
- Using ICFP accurately and effectively in your school (Part 2: Diagnosis of Issues and Strategic Decision-making): <https://isbl.org.uk/using-icfp-accurately-and-effectively-in-your-school-part-1-and-part-2/>

I-SOT, the ISBL School Optimisation Tool, and ASOT, the Advanced Strategic Optimisation Tool are available to purchase on the ISBL website.

Visit www.isbl.org.uk for more information.