

**Funding Review and Value for Money issues – Kirklees Schools Forum Members' responses to the consultation questions from the DfE's Review of Efficiency in the School System**

***Financial decision making***

*Q1: How, and by whom, are decisions made about the allocation of resources in your school? What type of information or evidence is used to support these decisions?*

In primary schools, resource decisions are usually made (initially) by the head teacher and the school's business manager with scrutiny of decisions provided by the governing body. In the secondary sector, the senior leadership team would usually also be involved in the process. Decisions are made with outcomes for children firmly in mind. [Some comment was made at this point about the Council's traded services offer and the request for sign-up decisions to be made within a very tight timescale. Schools feel they need at least a couple of weeks from receipt of the budget share figure. The assumption that schools will be charged for services if they do not respond before the deadline was also questioned. Officers agreed to feed back the views expressed to a forthcoming traded services co-ordination meeting but did point out that the services themselves are understandably keen to confirm the detail of arrangements for the coming financial year as early as possible].

*Q2: How effectively do current budget-setting practices ensure that school spending decisions minimise costs and maximise educational outcomes?*

The benchmarking site helps schools look at their expenditures compared to those in similar schools. Ofsted's focus on value for money and the proportions of budget a school commits to various items of cost also encourages schools to examine their spending decisions. Best value practices are habitually adhered to. The need to account for use of the Pupil Premium funding stream was also felt to have instilled some additional discipline into budget setting processes.

*Q3: Does your school use any approaches that you feel are particularly innovative and effective in improving efficiency? If so, what are these?*

Schools found this question to be difficult to answer. The tendency is for schools to act individually rather than collectively so schools might not know when their practice is particularly innovative. However, there are regular meetings of school business managers at which attendees share good practice, innovative approaches to income generation and collaborative purchasing. On occasion, external consultants have been engaged to assist with specific procurement areas. There are also lots of tools in the marketplace to help schools with their budget decisions. Some schools have used the Council's procurement service for advice and support on particular issues, eg photocopier contracts.

*Q4: If any, what specialist skills or knowledge are needed by schools' decision makers? Do you feel decision makers in your school are equipped with these?*

Business managers play an increasingly important role, especially in academies. There is perhaps a growing need for business managers to have some formal training. It is often helpful to have professional people on the governing body – lawyers, accountants and people with a more general background in business bring their knowledge and experience to the party. It was also noted that the Governing Body Support Service offers a review facility for governing bodies.

## **Tools and techniques**

*Q5: What tools or techniques does your school currently use to inform its spending decisions? If any, how effective do you think they are?*

The main tool schools make use of seems to be the DfE benchmarking website. There is a range of budget software packages on the market to support schools in making budget and purchasing decisions.

*Q6: How effective are the specific tools provided by the Department for Education? How could these be improved?*

The general view expressed was that the DfE tools are not that useful.

*Q7: Are there any new tools – or additional information – that you feel would improve schools' ability to make better decisions and improve their efficiency?*

Locally, the exceptional balance protocol operated through Schools Forum was seen to be a useful approach to helping schools make more efficient use of their funding. It has had a demonstrable effect in reducing the number of schools breaching the excess balance thresholds and in getting schools to plan their expenditure decisions more carefully. It was felt that efficiency is hindered by the Government only making one-year funding announcements – it is really difficult to make sensible plans if there is uncertainty about what the next year's funding allocation might be. Three-year funding commitments would certainly help with decision making.

## **Incentives and influences**

*Q8: What internal incentives do financial decision-makers in schools face when making decisions? Which incentives are particularly strong (or weak)?*

No comments made.

*Q9: Are there any particular barriers or disincentives that hinder a school's ability to change or improve the effectiveness of their spending decisions? If so, what are these?*

See comments under Q7 regarding one-year funding announcements being a hindrance. The squeeze on sixth form funding was also mentioned as being unhelpful.

*Q10: What, if any, external incentives, influences or opinions are important in actually affecting schools' spending decisions?*

The stream of policy change announcements from the Department affect school spending decisions. There needs to be a better evidence base to back up the need to make changes. There are perverse incentives within school funding arrangements – some elements of support funding decrease as schools achieve better results for their children.

*Q11: What would strengthen schools' incentives to use their resources more efficiently?*

More certainty and clarity would help. Removal of certain restrictions within specific funding streams, eg matched elements of funding, choice of supplier.

*Q12: For what reasons, if any, do schools build up reserves? How has your school used reserves in the past?*

Uncertainty about future funding levels is a significant factor in schools having to hold contingency balances.