

**Summary Notes from the Meeting of the  
Association of Sandwell Governing Bodies Meeting  
held at 6.15pm on 4<sup>th</sup> December 2019 at  
Guardian House, West Bromwich**

**Welcome and Apologies**

Elaine Benbow, one of the ASGB co-chairs' opened the meeting and thanked John Smallman and ASGB members for attending at this very busy time of the year.

**School Finance for Governors – John Smallman, Total Finance**

Mr Smallman introduced himself, telling members that he had been a Budget Officer for over thirty years in the West Midlands. He was a director of Total Finance which provided a finance service to primary schools and special schools in the region but was also able to provide a governor perspective as he was a governor at two Sandwell primary schools, each in a totally different budget situation.

Mr Smallman distributed a handout (appendix 1) aimed at finance committee members and expanded upon the various headings as follows:

**Background:**

- School finance one of the three core functions of school governors and was a focus for Ofsted and the Government, especially with the impending election which had generated huge amounts of publicity.
- The outcome of the election and the uncertainty meant that there was general frustration because of the lack of knowledge. A new financial year would commence in April, so that the three year projections were even closer and more urgent.
- Schools Forum reporting showed that only ten schools were predicted to have a positive balance by the third year and some of the predicted deficits were huge. This was a national problem. School budget income had been at a 'standstill' for five years but National Insurance, pensions, pay awards and inflation had continued to rise.

**Set Up of a Finance Committee**

- Each Governing Board would set up its own version of a finance committee, perhaps combining it with provisions, outcomes etc. Whilst this was a decision for each Governing Board, Mr Smallman, in his experience, had found that a separate finance committee was the most effective way for governors to monitor the budget. Such a committee need only have perhaps three external governors plus the Head Teacher and Budget Officer and would in any case report back to the Full Governing Board. A smaller number of governors (which excluded staff governors, who may have to declare an interest anyway) would engender more in-depth discussion and possibly, encourage the most appropriate governors to the committee. It would also mean that there would be a bigger pool of governors to call upon in the event that a panel was needed for any reason.
- Finance committee members would ideally have a 'blend' of skills, not everyone on the committee needed to be a financial expert; educational knowledge and a willingness to learn were also important.
- A member asked if finance was the responsibility that worried governors most and whilst this was agreed, Mr Smallman stated that it was also the aspect

that worried Head Teachers' the most. Newly appointed Head Teachers' had very little quality training or experience before they took on the role.

- A member noted how difficult it was to attract governor with the right skills and experience and that even if separate committees were set up, they would probably all have the same people in them! Pressure on governors had increased fantastically in the last ten years.
- It was noted that academies had a high number of reports to complete and that the format seemed to be constantly changing. Academy reports were being finalised now and could run to 50-60 pages long. A member shared how daunting it was to have to sit in front of the ESFA (Education and Schools Funding Authority) and a newly appointed academy governor with a finance background, agreed that academy budgets were very different.
- The timing of funding was discussed in that it was 'fragmented', with different funding such as Pupil Premium Grant, Universal Free School Meals, Sports Premium and Nursery funding as examples, all being calculated on different criteria, available at different times of the year. Governors were being asked to make decisions without knowing the full facts.
- Mr Smallman noted that pupil numbers had a huge impact on budgets and the impending introduction of the National Funding Formula made it even more problematic.
- The confidentiality element was stressed, especially with regard to staff governors.

#### Set up of room for meetings

- Meetings could be daunting, especially for less experienced governors.
- Ideally, they should be held around one table so that everyone felt they could easily contribute and discuss with colleagues. The participation of all governors was important.
- The budget documents should be sent out to committee members in advance to allow them to understand the content and to raise questions prior to the meeting or to formulate them for the meeting.
- Budget documents should be easy to read and understand, Total Finance, for example, print them in colour so that it is easy to recognise under and overspends.
- The pacing of the meeting was important, hence the need for governors to see the budget documents in advance. The Chair plays an important role in ensuring that everyone is clear on the decisions to be made and that they focus on strategic decisions.
- Asked about the role of the Budget Officer i.e. were they there in an advisory capacity, Mr Smallman confirmed that they should provide independent advice to governors, to explain what had happened, why, the implications both long and short term, and to advise on current legislation. A Budget Officer should not be just a 'number cruncher' and should have an understanding of the schools expenditure and how it compared with other similar schools.

#### Reports

- Already referred to; should be sent out in advance, be clear, not contain jargon, and be strategically focused.
- Three meetings a year should be sufficient for a primary school unless there were urgent issues such as redundancies or budget issues.
- Differences between mainstream schools and academies regarding the timing of budget setting were discussed. Mainstream have until 15<sup>th</sup> May and

academies have until middle of June meaning that maintained schools could run their financial year for six weeks before having an approved budget but academies were having to approve budgets ten weeks before the start of their financial year.

- Asked about the fund for struggling schools which was a decision in budget consultation, Mr Smallman agreed that it was not clear in the budget consultation documents. He explained that the fund was for schools in deficit and it had existed last year. Only one school had received funding to date and this was due to the unique situation that existed. Another school had applied but been turned down. Noted that the fund was cash limited and could therefore run out. Last year the funding was 'top sliced' by the LA and this would be the default solution this year if the consultation response was 'no' this year.
- In 2007, the Government decreed that at the end of each year, maintained primary schools could carry forward 8% of their income for the year, secondary schools could carry forward 5% or risk having anything over these percentages clawed back by the LA. This directive was removed by the Government in 2011 but not by Sandwell. However, Sandwell had never clawed back any money. Schools over the percentages were required to justify how they intended to spend the excess.
- Budget Consultation proposed that all maintained schools (not academies) with over 10% of their budget carry forward should contribute 5% of the excess 10% to the fund for struggling schools. No justification would be taken into account. It was not clear however, which financial year would be used to calculate any percentage, as we were already two thirds of the way through this year. Advice to schools was 'not to panic' spend, some schools might actually be better off if the LA did top-slice for struggling schools as it might be less than the 5% of their excess 10%.
- A member made the point that struggling schools needed to balance their in-year spending otherwise, they would need to be 'bailed out' indefinitely. Mr Smallman agreed that the focus for all schools should be on the 'in-year' balance but this was very difficult because of the impact of pupil numbers, timing of funding and staff on-costs, all outside the schools' control. As an example, the difference between a teacher with a TLR2 at the top of the threshold and including on-costs could be £60,865 against an NQT costing £32316. The impact on the budget, of two expensive teachers leaving and being replaced by NQTs would be huge. Academy budgets were even more difficult to predict.
- Asked about pensions, Mr Smallman advised that maintained schools shared average deficit costs from the Sandwell element of the West Midlands Pension scheme but academies accumulated their own deficit.
- There were a small number of schools in Sandwell with huge three year projected balances which made it difficult for Sandwell to make a case for funding with the Government.
- Projections were used to help predict where a school was heading over a three year period. They are reviewed on a monthly basis by the Budget Officer, who would advise governors if there was anything serious that could not wait until the next committee meeting.
- The Government have promised a 1.8% inflation rise for schools but there was little information available and this would not compensate schools for the increased costs they are facing.

- The Government had guaranteed to fund the huge increase in teachers' pensions. Members discussed the frequently heard statement that 'schools had never had so much funding' which neglected to acknowledge the increased number of pupils and the five years when the per pupil funding did not increase but costs had increased significantly. All political parties were promising more funding for schools but it was not at all clear where that funding would come from and even if funding for Pupil Premium, Sports Premium, Universal Free School meals etc. would continue; each Government tended to fund a 'pet project' for a period before abandoning it.
- Advice to governors was 'not to box yourself in' and to make sure that the funding was spent on the pupils in school now, rather than building up a huge excess. Governors depended upon their Budget Officer to provide them with as much information as possible in order to make decisions.

### Agenda

- Benchmarking is based on Consistent Financial Reporting (CFR), the annual mechanism by which schools accounted to the Government for how they spent their budget, the data was published and open to all to facilitate benchmarking. <https://schools-financial-benchmarking.service.gov.uk>
- Care was required with benchmarking to ensure that schools were directly comparable; governors needed to interrogate the data, for example, a one off building project or expensive staffing might distort the headline data.
- The Work Force Census <https://government/statistics/school--workforce-in-england-november-2018> detailed the number of staff in each school and might prompt questions from governors. It differentiated all categories of staff and contained lots of useful information.
- It was difficult to compare PFI and BSF schools.
- When comparing Sandwell schools, remember that you could always ring up a Head Teacher to gain a wider perspective. Also make use of your Budget Officer who will also have a wider view and talk to other governors.
- The Schools Financial Value Standard (SFVS), comprised 29 questions that must be completed by the Governing Board. It was probably most practical for one governor to complete the standard with the Head Teacher/Business Manager and then to present it for comment/question at the next full governing body meeting. Care was needed to differentiate between strategic/operational questions.
- Asked about audits, governors were told that academies were audited every year (incurring the cost of audits) and maintained schools every five years. The SFVS was in itself, a mini-audit.

### Budget Projections

- Already discussed but mention made of the number of semi-fixed costs such as energy.
- The budget should link to the School Improvement Plan (SIP) and evidenced in the SIP. Any expenditure that was outside the SIP should be questioned. Ideally, the budget monitoring report would be noted to explain such expenditure. Governors should also monitor that the appropriate quotes are obtained and presented.
- Maintained schools £1k-£10k – three quotes required (can be verbal and followed up in an email), £10k-£50k four written quotes required. Governors should approve the expenditure and be told exactly what had been bought if the cost was over £500

- Each school had its own bank account and cheque book. There should therefore be segregation of duties and at least two signatories. At least two office staff should share the ordering and confirm that the items have been received using the SIMS system.

### School Fund

- Budget funding was public money, School Fund was private money and should be seen as 'in/out', used for example, for non-educational trips.
- However, academies may not have their School Fund accounted for separately, it may be included in the overall budget.
- Most fraud that occurred in schools was linked to School Fund.
- Governors should ask to see the School Fund Report if it was not automatically presented.
- Although School Funds' should be audited and balances reported, Governors were not often told how the fund was actually spent and how much money was received/spent between the audits.
- A separate Income/Expenditure should be produced and presented to Governors each year.
- Governors should also check that there was no confusion between School Fund and Budget monies.

### Benchmarking

- In response to a question, Mr Smallman responded that it was difficult for special schools/hospital schools to find comparative schools against which to benchmark and that using the Work Force Census might be best as it included national information.

### General Comments and Answers to Questions

- If a school was forced into becoming an academy, it left behind any budget deficit with the LA. If it had a budget surplus, it took the surplus with it. This was one of the reasons, the LA was looking to top slice budgets. Noted however, that the school moving to a MAT, also took with it the problems that necessitated the move and any financial situation with it.
- A MAT could have schools with a high surplus and a deficit. These would be dealt with 'in house' i.e. the surplus school would 'bale out' the deficit school.
- The pressure from the Catholic Diocese on faith schools to join MATs was discussed.
- It was possible that a school from another authority might join a MAT; some MATs had schools in various areas of the country. This made funding difficult, for example the Primary/Secondary ratios may be different for schools in the same MAT and it would all go into the same pot. This was outside of the schools' control.
- The imminent General Election made it even more difficult to plan and much would depend upon the outcome.

*The Chair thanked Mr Smallman for his most informative presentation.*

## **Finding Funding and Writing Bids for Schools – Elaine Benbow, Co-Chair of the ASGB**

- Time was against us but Elaine handed out a copy of the presentation (appendix 2) before talking through each page, additional comments/questions were as follows:
- Sandwell Council of Voluntary Contributions (SCVO) <https://www.scvo.info/> was a great place to start looking at how to find additional funding for your school.
- It was possible to engage bid writers to submit your bid but they typically take 15% of anything you get and could not inject the personal passion that got your bid noticed.
- Elaine suggested starting small for example, her school was successful in receiving £4k from Tesco recently for just ten minutes work, encouraging parents and friends to put their token in the box for her school when they went shopping.
- There were other options for schools to find funding opportunities but these, such as Funding Central charged a subscription fee.
- The PTA in your school could apply for Charitable Status very easily and for just £1. This opened up even more opportunities for funding applications.
- Important to have a fund raising plan, being clear about what the school needs.
- Start small to build your confidence e.g. .Galaxy recently offered £200 to bidders.
- Powerful statements make all the difference; state who you are and what you do.
- Consider and develop local relationships with business and organisations in your area. They will often be happy to donate a small gift for an event in school without going through the formal bidding process for larger sums.
- Try the personal approach, give them a ring!
- Lots of suggestions about who can help you, see the information on the slides.
- Consider splitting up a project and funding it in smaller 'chunks'.
- Don't be discouraged if a bid was not successful, it could be for a multitude of reasons and you can always ring and ask.
- Any funding received needed to be 'ring fenced' and a report sent to the funder.
- VAT could not be reclaimed on School Fund money and it should be held in a separate cost centre code.
- Sandwell Trends provided valuable help in supporting your bids.

As noted, we ran out of time unfortunately but please read through the presentation and let us know if you have any questions or need any more help.

ASGB understands that this is not strictly part of the strategic role of governors but there may be governors out there who can spare some time or, perhaps this is something to pass on the PTA.

There is a lot of funding out there and we all know that schools certainly need it!

### **PHDO Advice and Assistance**

We were pleased to welcome a new governor, Tom Richards, to our meeting who was able to contribute to this part of the meeting: He kindly sent us this:

*Sandwell governors interested in applying for funding on behalf of their school are encouraged to contact their town's Public Health Development Officer (PHDO) for free advice and assistance. The PHDOs work with all of the schools, third sector and community organisations, sports clubs, primary care centres and local authority departments operating in a town to promote the [wider determinants of public health](#).*

*They will have a good overview of local organisations you can work with to apply for funding and deliver projects, can provide localized data to support a bid and can help you with bid writing. The team will be able to assist with anything from small bids to putting together partnerships for large multi-year projects in the community. As well as assisting with funding, if your school has a link governor for Health and Wellbeing/PSHE/PE the PHDO team would be particularly keen to hear from them.*

You can contact your local PHDO at the addresses below:

Oldbury: Nicky Taylor – [nicky\\_taylor@sandwell.gov.uk](mailto:nicky_taylor@sandwell.gov.uk)

Rowley: Matt Hill – [matthew\\_hill@sandwell.gov.uk](mailto:matthew_hill@sandwell.gov.uk)

Smethwick: Ricky Byrnes – [ricky\\_byrnes@sandwell.gov.uk](mailto:ricky_byrnes@sandwell.gov.uk)

Tipton: Tom Richards – [tom\\_richards@sandwell.gov.uk](mailto:tom_richards@sandwell.gov.uk)

Wednesbury: Kate Hickman – [kathryn\\_hickman@sandwell.gov.uk](mailto:kathryn_hickman@sandwell.gov.uk)

West Bromwich - : Nicole Robins – [nicole\\_robins@sandwell.gov.uk](mailto:nicole_robins@sandwell.gov.uk)

*One of the big bits of work we're doing at the moment that I'd really like to make governors aware of is delivery to schools of the National Child Measurement Programme data. ASGB will circulate a briefing on the programme soon.*

Thanks to Tom, please take advantage of the help on offer!

### **Minutes of the Meeting held on 20<sup>th</sup> November 2019**

\Minutes were available at the meeting and were accepted.

Thanks to our presenters and everyone who attended.

Update will follow in the New Year.

Best Wishes for a Merry Christmas and a Happy New Year!