

# Financial efficiency in schools

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## A. **EXECUTIVE SUMMARY**

### 1. **Background and objectives**

DCSF and its partners provide a range of services and tools to assist schools in managing their finances efficiently. However not all schools are accessing this support, and some are not managing their finances as well as they could. It is anticipated that schools will need to be more financially astute in the coming years, and to make economies where possible. DCSF aims to relaunch its support products in the spring of 2010.

To support this relaunch, the Department needed to understand schools' current approach to financial management; their use of information and support; differences in approach between financially efficient schools and those that are less efficient; and what would motivate schools that need help to seek out and access the support available.

### 2. **Sample and methodology**

The sample comprised 8 group discussions and 12 depth interviews with head teachers, bursars and school business managers. Respondents were recruited from schools classed by DCSF as more or less financially efficient. Research took place across England, (London, Yorkshire, West Midlands and Kent) in March 2010.

### 3. **Main findings**

#### 3.1 **Contextual issues**

All those involved in the financial management of schools recognised that they were facing tighter budgets in the coming years and would need to manage their finance more carefully than ever. For most, staffing costs were a priority as they accounted for the majority of their budgets; focus on this was often so great that it tended to overwhelm other subjects.

Head teachers tended to be closely involved with financial management though a number preferred to leave the practical aspects to their finance teams. Those in smaller (typically primary) schools tended to be more hands-on than others, often due to the fact that they did not have full-time financial managers.

Bursar attitudes to financial management varied widely according to a number of factors including the amount of contact they had with a school (i.e. whether they were

employed or contracted; whether they worked full or part time); their professional background (private vs. public sector) and their roles and level of autonomy within the schools. Bursars were often concerned that finance was rarely understood by school staff aside from head teachers.

Governors were clearly influential on the financial management of schools but their level of influence and effectiveness depended on who the governors were: their background, knowledge and interest in the subject. Recruiting such individuals was usually down to a combination of networking and luck; as a result, those schools with informed, pro-active governors tended to feel very fortunate.

### 3.2 Current attitudes to financial efficiency

Financial efficiency was widely thought to be a natural focus for all involved in the financial management of schools. Most categorised themselves as fairly efficient, even if categorised by DCSF as less efficient. In most cases, respondents blamed external circumstances for any lapses in efficiency yet felt that they had made improvements to their school's financial state.

All agreed that financial efficiency involved spending money wisely, yet there was little agreement beyond this. Much of the disagreement arose from the differences in perspectives between those with a business background and those with a public sector viewpoint. Some argued that financial efficiency in schools had to be balanced with education attainment; they thought it was their responsibility to plough any surplus back into school facilities and often talked of being 'allowed' a certain level of surplus. Others thought schools should be run like businesses, and costs cut accordingly; the idea of a surplus was anathema to them.

Another source of debate focused on whether schools had the potential to operate efficiently in the first place. A common concern was the fact that salaries formed the majority of all budgets; many felt that they were left with so few funds after this that they had little flexibility to make any substantial changes. This was a particular problem for smaller schools, especially primary schools, where staffing was often 95% of a fairly small budget. A number gave the impression that it was only the better off schools who had the flexibility to be more financially efficient.

### 3.3 Approaches to efficiency

Staffing dominated much of the discussion about efficiency, often to the point that respondents found it difficult to concentrate on other areas. This was due to the fact

that it accounted for the vast majority of their budget. In comparison, efficiency in other areas such as procurement and energy costs were perceived as unlikely to make a substantial difference.

Many thought it difficult and time-consuming to achieve any major savings in procurement; consequently most were content to work with Local Authority procurement departments. While this saved time and effort, few felt they were getting the best deals; in some cases they found working in this way unnecessarily protracted and bureaucratic.

Energy saving was typically an educational focus so schools were well aware of energy efficient behaviours and tools. Much of their activity was pupil-led; indeed some felt their students were more likely to influence teachers in this way than vice versa. Yet few felt the savings they made in this area were significant and some found their efforts limited by aging buildings, inefficient infrastructure and the high cost of improvements and/or maintenance.

There was little evidence of schools sharing resources in this sample, though a minority shared staff and it was common to share information through informal contacts or 'clusters'. Resource sharing, while considered a good idea in theory, was imagined to be complex in practice, especially if the schools in question were of a different size or situated too far apart.

#### 3.4 Use of available resources

Use of resources was patchy, with few seeing any real need for further information on financial efficiency. Where they did access information, it tended to be dictated by individual awareness of and interest in both the provider and the perceived subject matter.

Local Authorities and DCSF seemed the most obvious sources of information to most. LAs were often relied upon because they were assumed to be a reliable conduit for anything relevant. However they were also considered to be overly bureaucratic and inefficient. DCSF had a reputation for being authoritative and informed. Yet the fact that they covered all aspects of education meant that they were not necessarily the first place to turn to for financial advice.

Information from the DCSF faced two key barriers. Firstly, the relationship with DCSF was fairly passive: respondents expected to receive relevant information from the

Department rather than seek it out. Secondly, many were tired of receiving long documents, especially if they concerned new initiatives.

### 3.5 Response to current sources

The majority preferred practical online tools to assist them rather than pages of text and information. The benchmarking tool was popular because it enabled them to make simple comparisons, though most thought it could be refined to allow more complex data sorting. Similarly, while Open was not familiar to the majority, most seemed interested in finding out more about it.

Information was often assessed in terms of its provenance and relevant associations. Hence, DCSF material was expected to be authoritative and accurate but long and potentially uninteresting; National College material, however, was more popular, largely because people were impressed by its training programme; Audit Commission material was criticised (by the minority who had read it) for being too focused on reporting statistics rather than placing findings in the context of education; TeacherNet was seen as a hub rather than as a source of financial information in its own right..

Respondents were only keen on other forms of support if they offered tangible benefits. For example, a number were unconvinced by the usefulness or credibility of the Avail consultancy service because they either thought the time offered was too short or because they suspected it was essentially a sales tool for the consultancy service. Financial Management Standard in Schools (FMSIS) was greeted with even more cynicism and suspicion: some saw it as little more than a meaningless exercise in bureaucracy.

## 4. **Conclusions**

### 4.1 Efficient and inefficient schools

It is difficult to ascertain what differentiates the more and less efficient schools as they appear attitudinally similar. There is no clear evidence that efficient schools are conducting their business significantly differently, accessing more resources or using support in a different way. What is clearer is that some schools seem more likely to struggle to achieve *greater* levels of financial efficiency due to their current circumstances. This could be a problem in the coming years if their budgets are reduced, as they already feel they have little space for manoeuvre.

It may be useful to identify schools most likely to struggle in the future and to ensure that they are fully aware of any support offered. Ideally such support would focus on strategies and tools to assist in making the best use of their time in dealing with financial efficiency, and in working with small budgets.

#### 4.2 Barriers to change

Even those with greater perceived flexibility are likely to find it difficult to become more efficient due to certain widely held beliefs: that they are already as efficient as possible; that factors beyond their control limit their efficiency and, most importantly, that action in areas other than staffing will be insignificant. There is also little clarity over whether schools are expected to run like businesses, or whether 'efficiency' can encompass educational outcomes.

These are likely to have a serious impact on engagement with, and interest in, communications on the subject. Any communications from DCSF therefore need to: provide clear advice about staffing and how efficiencies can be achieved in this area; make concrete suggestions for improving efficiency in *every* area; address the impotence that many feel in this area whilst avoiding criticism; and formalise what is expected of financially efficient schools to avoid ambiguity.

There are also various factors preventing schools working together, largely based on assumptions that collaboration will be complex, requires intense negotiation and will only work with similar schools in the same area. It may be useful to provide specific information (e.g. case studies of successful federations etc.) on how to achieve successful collaboration and relevant tools, all of which will need to challenge the assumptions regarding its complexity.

#### 4.3 Use of available resources and support

There appears to be little difference between schools classed as more or less efficient in terms of which sources are used. Although most turn to Local Authorities and DCSF as the first ports of call, the former is regarded as inefficient and the latter is not seen as focusing solely on finance. That said, they are probably the most obvious provenance of any future communications.

Engagement with any information on this subject is an issue because it is not necessarily seen as interesting, useful or providing anything new. Respondents are clearly tired of downloading long documents - especially when the content focuses on a subject about which they feel fairly confident anyway. New initiatives, such as



FMSIS or the Avail offer, are viewed critically and cynically: most heads and bursars expect a 'catch', or at least increased bureaucracy.

Tools are more welcome, but currently most seem more interested in their *potential* than what is currently offered. They are keen on anything offering unique, tailored information, such as the Benchmarking service, or that provide a new, efficient way of performing tasks, such as Open.

#### 4.3.1 *Potential tools*

It is clear that most would prefer practical help to information, though there is cynicism towards anything new. Therefore the usefulness, practicality and ease of use of any new tool will need to be immediately apparent.

On this evidence, potential exists for the following:

- an improved benchmarking service
- enhanced procurement tools
- tools that enable clusters to share information and work together more easily
- training of other influential staff so that more senior staff understand school finances
- an online bursars resource centre (a 'bursarnet')
- provision of a range of easily accessible, well categorised, browsable case studies
- working with other organisations, particularly those respected by bursars

#### 4.3.2 *Potential for information*

Information will need to come across as new and interesting if it is to appeal to heads and bursars, through the use of concrete examples and advice; they are unlikely to respond to theoretical information.

Key issues to focus on should include:

- how to achieve financial efficiency in staffing

- localised advice
- how to work together in 'families' or federations
- reactive information (i.e. information in response to specific issues)
- whether cutting costs inevitably leads to lower standards of attainment.

## **B. BACKGROUND AND OBJECTIVES**

### **1. Project background**

Head teachers, school bursars and finance managers currently have access to a number of services that aim to help them to manage their school's finances efficiently. Many of these services are provided by the Department for Children, Schools and Families (DCSF) and its partners; others are offered by third parties.

However, not all schools are accessing or have taken up support of this type, and it is clear that some are not managing their finances as well as they could. Due to the economic climate, schools will need to become more financially astute in the coming years, and to make economies where possible.

DCSF aims to relaunch its own support products geared towards helping schools to be more financially efficient in the spring of 2010. The Department therefore needs to understand how to communicate what is offered to those involved in the financial management of schools, and to present and explain the benefits involved in the most motivating and appropriate way. Qualitative research was commissioned to inform this future campaign.

### **2. Project objectives**

The overarching objectives were to provide an understanding of:

- what head teachers and other responsible staff are doing currently with regard to financial management
- where they go for information and support, and what sources of help they are aware of
- what has motivated the better financial managers to act as they do, and what would galvanise, motivate and prompt the less effective managers to take the issue of financial management more seriously and access support if they need it

Specifically, this involved investigation of:

- current attitudes to school finances and the need to be more financially astute in the coming years

- how a range of head teachers (and school staff with financial responsibilities) currently manage school finances and the support they use, value and need
- why certain schools manage their finances well, including the information and support heads and other respondents use to do this
- why some schools do not manage their finances well and what support services and messages would make them take action and help them
- what heads and staff value and want in terms of advice and support on school financial efficiency.
- how heads and staff would like to obtain information and guidance on school financial matters
- how information sources and support on school financial matters / financial efficiency are currently perceived by their target audiences
- the factors that would motivate heads and staff who need help to seek out and access the support available

## C. **METHODOLOGY AND SAMPLE**

### 1. **Methodology and sample**

A mixed methodology was employed, comprising 8 group discussions and mini-group discussions with head teachers and bursars / school business managers, and 12 depth interviews with head teachers, bursars and governors. Group discussions lasted approximately 90 minutes, and depth interviews approximately 60 minutes.

Research took place across England, (London, Yorkshire, West Midlands and Kent) in March 2010.

Interviews covered the financial organisation of schools and any changes that had been made to financial management over the years, information sources and support used, responses to specific sources of information, and expectations of financial guidance.

For the purposes of this research respondents were recruited from schools which were classed as more or less financially efficient. Efficient schools were defined as not being in deficit or carrying over excessive surplus *and* having a bursar and addressing at least one financial issue recently *or* addressing at least two financial issues recently (the financial issues considered were procurement, energy saving, administrative costs and sharing goods / services).

## D. MAIN FINDINGS

### 1. Context

#### 1.1 Key issues for schools

As might be expected, finance is a main point of focus for all schools. As many respondents pointed out, almost every school-based decision or activity links back to money in some way, so financial decisions tended to lie at the heart of everything they did.

*“It underlies and underpins everything we do”*

D2: Head, Yorkshire

*“It’s a priority but it’s a competing priority – without it nothing would get done, you know, but the management of our budget is the pecuniary articulation of our school improvement plan. Did I really say that? – but that is how I see it, it enables us to make things happen that we want to happen for the children”*

D5: Head, London

Finance was often also a particularly key focus due to the current political and financial climate. Most, if not all, schools were anticipating cuts to their budgets (up to 10% envisaged cuts were cited in a London LA). This knowledge had left many contemplating how they would be able to maintain their standards and remain efficient.

*“There’s so much flux at the moment with the political situation. It’s going to be quite a difficult time and we are anticipating that we will have a clamp-down on funding”*

D2: Head, Yorkshire

*“Obviously we are going to be subject to the same constraints hitting the country and the world generally in times of recession. We are fully aware that the council are already looking at ways of making savings... it’s inevitable we are not going to be in a period of growth”*

G7: Head/Bursar, West Midlands

For most, the key financial issue was that of staffing. Staff costs tended to account for 80-95% of schools’ budgets, so were typically a core concern. Many were so focussed on this that they often brought the discussion of other issues back to the subject of staffing, either as a point of comparison or to put other issues in context.

*“We’ve got expensive staff. Highly qualified teachers on high pay scales. So that’s what we’re trying to manage at the moment”*

G2: Bursars, London

*“If there’s not enough money in the budget the only thing that would have any significant impact is a member of staff... 95% is staffing and utilities and what have you, so we haven’t really a lot to play with”*

D9: Governor, West Midlands

*“Our salaries budget is about 95% of our overall budget and that doesn’t leave us with very much at all”*

G2: Bursars, London

Another main focus for various heads and bursars were their schools’ 3-year financial programmes. Some said that they found these problematic, as they did not make long-term planning easy, and some clearly found it hard to save capital to spend on major projects under this scheme.

*“It’s ok getting the indicative budget for the three years, but in real terms by the time you get to the next year your staffing has changed, your pupil numbers have changed, and so that is something we’re always chasing the council for, a good accurate final budget share as early as they can”*

D12: Bursar, West Midlands

*“Personally I have a problem with what I call multi-year budgets, as if you are in the right spot at the right time you know three years’ worth of budgets, and next year you know two, and the last year you will know one. We are in a position where we don’t know what the hell we are going to get on the next three-year cycle”*

G1: Heads/Bursars, Kent

Other financial issues raised spontaneously by respondents included additional funding for specialist schools, and the difficulty of predicting future financial needs (e.g. salaries and cover etc.). The issue of how much surplus money schools are allowed to carry forward and whether LAs should take this away was also a vexed question for some, who believed that a surplus over 8% was not always undesirable.

*“So many things can happen during the course of the year that are unexpected – if you run your budget to the bone and don’t have any slack in it at all that could tip you over”*

G2: Bursars, London

*"I can understand why they don't want budgets to roll over. I understand that completely, but some of the things are time limited and not to be able to put them into next year's to make something worthwhile... it just seems a little bit crazy"*

G3: Heads, Kent

Beyond finance (although as mentioned above, all issues were usually acknowledged to relate to finance in some way), the core issue for most schools was educational outcomes. Specifically, they were interested in how to achieve the greatest outcomes for their pupils. Given the subject matter of these interviews, this was typically presented in the context of financial planning: how can better outcomes be achieved whilst avoiding lowering standards due to lower budgets?

Safeguarding was also a major issue for most schools, and often underpinned much of their thinking. Wider issues were also key, such as the general election and the potential changes it may bring to education policy, and the new Ofsted framework's impact on schools. Lastly, a number of internal issues were cited - changing heads and senior staff members, new premises, PFIs etc.

*"Obviously there's finance and efficiency, but the main thing driving schools is actually improving standards isn't it. You've got to remember what the core purpose of the organisation is, it's actually to raise attainment"*

G2: Bursars, London

*"This is a PFI build so it's supposed to take all the worry off my shoulders. It doesn't. It would be easier to manage the school first-hand"*

D2: Head, Yorkshire

## 1.2 Involvement in finance

Those involved in the financial management of schools were typically head teachers, bursars/ school business managers/ financial managers, and governors.

### 1.2.1 *Heads*

All heads were necessarily heavily involved in the financial management of their schools, and most agreed that almost every decision was essentially a financial one in some way. However, the general impression given was that while they made decisions in this area and tried to keep their fingers on the pulse, they preferred to leave the practical matters and associated paperwork to other members of the financial management team, relying quite heavily on bursars to support them.



This aversion to issues that were perceived as ‘trivial’ was not only apparent in responses to paperwork. Heads were also often frustrated by the amount of bureaucracy in general, and by the meetings they faced on a daily basis, often around fairly small issues.

*“I don’t do any of the financial side bar signing the cheques and being informed continually about how much it all is... I am not interested to be honest apart from the fact that I know it is my responsibility how the money is spent... but my job is the teaching and learning of the children”*

D3: Head, Yorkshire

*“The head has a very down-to-earth attitude, she understands the basics and she’ll do what she needs to with the money she’s got, but it’s up to someone else to do the sums to sort it out”*

D9: Governor, West Midlands

*“Some heads spend loads of time on their spending plans, some are obsessed... not me, I’d rather deal with the children”*

G6: Heads, Yorkshire

*“You don’t do any of the nitty gritty entering of things, invoices and all that...but [you make] the decisions”*

G3: Heads, Kent

Some heads were clearly more proactive and hands-on than others: whereas some had an interest in every decision taken, others were more interested in the overall direction the school was heading in. There also appeared to be a small number of heads who preferred to take overall responsibility for their school’s finances. These heads preferred their bursars to work as part of a financial admin team, rather than working more independently.

*“My head teacher is very knowledgeable about the budget, she knows exactly what’s going on with it but that’s not always the case – my two previous ones didn’t know anything about it whatsoever”*

G2: Bursars, London

This situation sometimes appeared to have occurred in smaller schools (typically primary schools) due to circumstances rather than by choice. A small number of heads had ended up taking control of their school’s finances because they could not afford a bursar (or at least one with much contact with the school). These heads tended to work at weekends and evenings in order to stay on top of their finances.

Some heads were unhappy with their bursars due to the lack of support they felt they received, largely stemming from their perceived lack of real skills, and/or their refusal to work with governors. Linked to this was sometimes a more fundamental element of tension between heads and bursars. This was difficult to explore fully, but appeared

to stem from the fact that heads were focused on educational outcomes whereas bursars were focused on financial efficiency – which could lead to a perceived disjunction in goals.

*“The average head hasn’t got enough understanding really, general awareness... They need to understand the cost of their decisions”*

G2: Bursars, London

Some were also frustrated, and felt somewhat hamstrung, by the fact that LAs dictated how they responded to certain issues such as staffing. Given that they were responsible for having to balance budgets, they felt that it was unhelpful to have such issues dictated to them.

### 1.2.2 *Bursars*

People in this category had a number of job titles including ‘bursars’, ‘school business managers’ and ‘financial managers’. For the sake of clarity, we shall refer to them all as bursars unless a specific audience is being discussed.

Bursars differed according to a number of factors relating to their role and impact on the school’s financial management. A fundamental issue was the question of the *amount of contact* they had with the school, specifically whether they were full or part time. Some were permanent members of staff, whilst others worked only 1 day a week or, in extreme cases, 1 day a month in their schools. In Yorkshire, several schools were making use of a Local Authority Bursar Service, a group of essentially freelance bursars who would pay a monthly visit to a school, and who all looked after several schools. As might be expected, the less contact a bursar had with the school, the more abstract their role from the day to day running. That said, this also had the effect (on some) of making them more dispassionate about their schools and allowing them to make blunter recommendations (regarding cuts, for example).

Their *background* was also influential. Bursars and associated finance team members ranged from those who had been senior financial managers within major blue-chip organisations to ex-teaching assistants who had been promoted by their heads.

*“Our Finance Clerk is an ex-banker manager who’s retired from the bank on a pension, but wanted to keep his brain occupied. He’s far too highly qualified to be a Finance Clerk so that’s fantastic!”*

D2: Head, Yorkshire

*“The role itself has changed in ten years so whatever qualifications I had at that point are irrelevant now... if someone with my qualifications applied for my job now they wouldn't get it”*

G5: Bursars, Yorkshire

*“A lot of the people I deal with are people who tend to have children in school and go in starting maybe just as a secretary, and have worked their way up so they've got a lot of informal experience and with bits of specific finance... and that's probably the smaller schools. But I think where you've got the bigger schools with business managers, I think they've got more formal training – so the bigger the school, the more likely it is that the business manager has formal training and formal qualifications”*

D8: LA Bursar, Yorkshire

There were clear differences in outlook between those who had entered education from the private sector and those who had always been in the public sector. Ex-private sector staff tended to be more senior in schools, and aimed to run schools more like a business. Conversely, public sector staff were sometimes less qualified than their private sector counterparts, and often had a 'softer' approach to finance, seeing it more in the context of educational outcomes than as a stand-alone issue.

*“In the private sector, if it's your own business it's your own pocket, whereas perhaps there is a feeling in the public sector of 'well, it's not my money', but I think people are increasingly realising the link between standards and efficiency”*

G7: Head/Bursar, West Midlands

*“We're only just replacing those people who haven't got a bloody clue about finance... we've moved from that to a sort of public sector culture of people who tick boxes and that sort of thing, to now loads of people coming from private industry who are trying to shake the industry up a bit, shake education up a little bit”*

D4: Bursar, West Midlands

*“You might have a financially efficient school, but actually what impact are you having on the outcomes for the kids, I don't know. I think it still has to be teaching and learning [as priorities] and then the other stuff will follow”*

G5: Bursars, Yorkshire

Also important was their *role within the school*. More senior individuals often had a range of responsibilities aside from finance, including elements of HR and facilities management. More junior individuals, on the other hand, often appeared to have more of an admin-style role, whilst part-time bursars rarely had any involvement in school management beyond their financial roles.

*“One thing I think is often forgotten... finance is about 25% of my job. I do HR, I do everything, and although it's an extremely important part of my job I can literally be called to the swimming pool because there's something wrong in there”*

G2: Bursars, London

*“When I came two and a half years ago I came as a senior admin officer, which is still a similar sort of job”*

D6: Bursar, London

Connected to this was the *level of autonomy* they experienced within their role. Those at a more senior level, typically School Business Managers or Financial Managers, sometimes saw themselves as having a role similar in nature to heads. They tended to discuss their roles in terms of working alongside heads and governors with a view to achieving what was best for children. Others were clearly managed by their head teachers to such an extent that they would be unlikely to make any key decisions themselves. Some could feel a little frustrated by this, which contrasted sharply with the minority who felt they did not have enough contact with their headteacher.

*“I mean, it’s very important that [heads] get involved, but not to that level I don’t think... we can always feed back to them”*

G2: Bursars, London

*“That’s the problem in a lot of schools, a bursar has got its own little niche so the head teacher has got his or hers and they don’t speak to each other... I have to keep reminding them to tell me things”*

D4: Bursar, West Midlands

Related to this, were concerns that too few people within schools understood the importance, or principles, of financial management. Some bursars in London felt that this was particularly evident with deputy heads, who often attempted to exert authority in a similar manner to heads but who had little comprehension of the financial impact of their decisions.

*“Deputy heads are quite often thinking of their next job and have ambitions, and want to do things that actually make a mark and they can put on their CV to say, ‘I achieved this’ – they are not necessarily going to have to live with the repercussions”*

*“Yes, I find they get suddenly interested in finance when they’re going for a headship interview”*

G2: Bursars, London

### 1.2.3 Governors

Governors were clearly an influential force within the financial management of schools. It seemed likely that their level of helpfulness relied, to a certain extent at least, on who the individual governors were: their personality, their willingness to get involved, and their level of financial understanding.

*"It just depends on the luck of the draw who you get on your governing body. I did have someone who was a barrister, and an estate agent who was very good at business – but that's just by chance"*

G7: Head/Bursar, West Midlands

Heads and bursars often discussed being 'lucky' about their governors in terms of their hands-on attitude, whereas a minority gave the impression that governors were more of an obstacle or simply a formality rather than a useful body. Heads and governor chairs actively sought individuals with appropriate experience and understanding to sit on the board of governors, and as a result, the perceived usefulness of governors appeared to rely heavily on the strength of their individual networks and contacts.

*"I'm the process person, I'll draft the new budget as a sort of wish list and then go through it with the Head... The governors have been quite instrumental because when we had the bad Ofsted we started up a Scrutiny Group and the chap who ran that has been tremendous"*

D12: Bursar, West Midlands

*"I think we're advantaged because we have a very experienced governing team who are also experienced in financial matters, and they will question the rationale behind everything... it keeps us on our toes"*

D7: Bursar, Yorkshire

*"We're lucky here... we have got people with some financial experience and people who have been in business and are currently in business, which does keep you on your toes, so they do challenge and I think that is key. But having been a governor at another school, it isn't reflected in most schools I'm afraid"*

D4: Bursar, West Midlands

### 1.3 Primary vs. secondary schools

Financial management was clearly different for primary and secondary schools, not least because of the large differences in the size of their budgets. Some primary schools in the sample were operating on as little as £500,000, whereas secondary schools tended to have budgets of up to 4 times this amount.

This disparity in budgets naturally led to primary schools having far less flexibility with how they used their finances, largely because once they had covered staff salaries, they had little left in the pot to play with. Primary school structures were also perceived as affecting flexibility. For example, some said that the need for a teacher to spend longer with pupils meant that staffing shortfalls and absences were harder to cover. Added to this was the perceived requirement within some schools for a certain

number of teaching assistants per class. Secondary schools, meanwhile, had greater flexibility, due not only to their greater budgets but to the ability to consider staffing in terms of how a subject is covered, which lent itself to more creative approaches.

*"[Primary is] very different because there is far less flexibility, because the budget is smaller and with the way that primary schools are structured, it's very difficult to make changes to your staffing structure... In a secondary school you can re-jig your timetable"*

G2: Bursars, London

*"I think it is more difficult for primary schools, because everything is reduced in scale... everything about their budget is such that they can't afford the sort of money to get [bursars] and what tends to happen is that they use rather more of the local authority's resources to manage their finances, to do this work"*

C: Governor, West Midlands

As far as financial management itself was concerned, it was evident that the financial management of primary schools was often covered through less formal means. This meant greater involvement from the head, limited or even no use of a bursar (who were often part-time or freelance in primary schools), a greater likelihood of the bursar being less qualified, and greater reliance on admin staff for day to day financial administration.

*"The problem with primary schools is the ground is muddy – in a secondary school I would be seeing the workers, doing spreadsheets, looking at more ways to do things, but you can't do that in a primary school because you are front-line, the role is different...primary schools are about community"*

D6: Bursar, London

It is worth noting that this did not necessarily mean that primary school finances were managed less well; indeed this would be difficult to assess from the scope of this research. That said, it was clear that the majority of schools in this sample which were classified as 'efficient' for the purposes of this research were secondary schools. Whilst it is possible that this was simply down to chance, given the relatively small sample size, it could also suggest a higher proportion of efficient schools in the secondary sector.

It is also worth noting the testimony of one bursar (previously from the private sector), working for a number of primary schools in London, who had the distinct impression that most primary schools had the potential to be far more efficiently managed than they currently were.

*“The initial thing that strikes me, a new kid on the block, is that most schools I see are in surplus. I don’t hear of half the schools in [the LA] being in deficit, so it implies that whatever’s been done that there is a lot of money at the moment to cover the majority of things.”*

G2: Bursars, London

## 2. Financial efficiency

### 2.1 What is financial efficiency?

The majority of respondents said that financial efficiency was a core aspect of their roles, which informed many of the decisions they made on a daily basis. Indeed, a number of bursars went further, saying that financial efficiency was their job. Despite this, the precise definition of financial efficiency was a point of debate for many respondents. Definitions varied according to individual perspective, the school’s circumstances, respondents’ own backgrounds, and the flexibility they felt they had within their role.

All were agreed on the core principle: that financial efficiency was essentially and simply about using money wisely.

*“It’s about making the best of the resources that you’ve got”*

D12: Bursar, West Midlands

Beyond this, there were three core debates feeding into how efficiency was defined: firstly whether financial efficiency was the same as achieving value for money, secondly whether financial efficiency in a school was comparable to financial efficiency in a business, and thirdly the overall potential for efficiency within schools. These are explored in more detail below.

#### 2.1.1 *Value for money*

Many respondents directly equated financial efficiency with value for money. Financial efficiency was seen to involve making every penny count, achieving the most possible for the least possible money, and making the best use of the resources available.

*“We go back to absolute first principles. We treat it as what we are going to get, not only value for money in terms of hard cash, but in terms of good service, quick response. We’re looking for the best in all senses of the word”*

D2: Head, Yorkshire

*“Best value for money – we test the market, we do benchmarking... in terms of best value, what we want to have is teachers in front of children, good quality, in an environment which is conducive to that”*

D7: Bursar, Yorkshire

Whilst this was difficult to argue with in itself, several thought that value for money was not necessarily the *same thing* as financial efficiency. These individuals who made this distinction, typically school business managers from secondary schools (and often from a private sector background) said that financial efficiency did not only involve seeking value for money, but also required a more pragmatic approach.

This meant careful planning, spending around their requirements, and identifying where cuts needed to be made. Some also pointed out that cost-cutting alone could not be the core aspect of financial efficiency simply because they would be penalised for carrying a surplus of more than 8%. Conversely, others argued that “value for money” was actually ultimately linked to attainment in that the ‘value’ was essentially what educational outcomes could be achieved with the money put in.

Although the distinction between these perspectives could seem blurred at times, it was clear that, to a minority at least, it was an important one. It also reflected the differing attitudes between ex-private sector bursars and public sector employees.

*“Under the new framework of inspection you can have the best financial procedures and management, budget, spending in the world, but if your students don’t achieve you aren’t assessed as having value for money”*

G2: Bursars, London

### 2.1.2 *Schools as a business*

The idea of running schools like a business tended to divide respondents (particularly bursars) according to outlook and experience. A critical factor that affected their attitude was whether or not they had originally come from the private sector. Ex-private sector bursars tended to see their roles as highly focused on efficiency and cost-cutting, arguing that these essential principles were much the same regardless of whether they were in a school or business.



*COMING FROM THE PRIVATE SECTOR, DO YOU FEEL YOU HAVE A DIFFERENT SENSE OF WHAT FINANCIAL EFFICIENCY IS IN SCHOOLS?*

*“Sometimes I do get the feeling that it’s not treated in black and white terms as a business. It’s quite friendly and very close-knit, and sometimes you’ve got to step back and say, am I getting value for that money? No, then I’ve got to do something about it”*

G7: Head/Bursar, West Midlands

Others, especially those who had worked for many years in the public sector, thought that schools could not operate on the same basis as businesses because they had to focus on pupil outcomes and attainment. This meant that their overall approach and planned spending were inevitably affected by what they saw as educational demands, such as whether they had appropriate equipment, books etc.

*I feel that particularly in curriculum areas, they should spend up to their limit and if they do want to take it forward, we have a justification. There might be a new curriculum coming out for next year and you can’t buy the resources now, but you know it’s going to be a big expense for new text books”*

G2: Bursars, London

Some long-term public sector bursars also pointed out that financial efficiency meant to them that they would attempt to plough any savings into other areas, rather than simply making cuts. They talked about how important the surplus allowance was in this respect. However, those who came from the private sector saw this as highly inefficient and gave the impression that a surplus was undesirable. They could not understand how schools could be efficient if they felt they were ‘allowed’ an 8% surplus. They were also less concerned by the prospect of cuts, as they felt they were in a position to manage the finances within the budgets available.

*“You’re saying you have a duty to spend money on resources because you have it in the budget. But if you didn’t have it in the budget you wouldn’t be buying those resources”*

*“If you set a budget plan and you planned what you’re going to spend in your curriculum in order to deliver to the pupils, it’s costed – so unless you’ve done something wrong with your costings you should not be over-spent or under-spent”*

G2: Bursars, London

*“The glass is always half-empty, it’s never half-full and that’s what really annoys me about the public sector, really. If we take away £15k they just moan about it and say we’re going to make people redundant. Well I’d go out and take a sponsorship for £15k or get it from somewhere else, that’s my approach”*

D4: Bursar, West Midlands

*“Surpluses are bad in my view because the money meant for that year is meant for the students that are going through the school at that time and it should be spent on them... If you don’t spend it and*

*have huge surpluses year on year then in my view you are over-funded”*

G5: Bursars, Yorkshire

*“A lot of the schools do have surplus balances, saying ‘I need that money because things are going to get worse’, and it’s their way of planning for the future so they are holding money back...and I think they are doing forward planning as well”*

D8: LA Bursar, Yorkshire

It is worth noting that many heads appeared torn between these two mindsets, and saw them as intrinsically linked. They had the overriding impression that increased efficiency could only lead to a reduction in pupil attainment - unthinkable to most - and had little sense that they would be able to reduce costs without failing their students along the way.

### 2.1.3 *Potential for efficiency*

Perhaps the biggest question for the majority of schools was whether financial efficiency is achievable or worthwhile when staffing costs are taken into account. As mentioned, staffing constituted the majority of the budget, leaving as little as 5% for other requirements. Many heads saw this remainder as fairly inconsequential in comparison to the huge proportion of the budget that went on salaries, and argued that it was here that they could make most savings.

However, the concept of saving on salaries was not without its own drawbacks. The more experienced staff members were typically also the most expensive, and as they were usually good at their jobs, heads baulked at making them redundant, as well as recognising that redundancies were not good for overall morale. In addition, certain aspects of staffing, such as maternity, were completely unpredictable.

Some schools were already involved in trying to sack various staff due to poor attendance or poor performance. They often complained that this was a highly complex process which involved a series of letters, meetings and improvement contracts before a result was achieved; in the meantime they had to continue coping with whatever issues these difficulties presented. These processes were typically imposed by local authorities, leaving heads and bursars feeling as if the power was not really in their hands. Some said that they would therefore need enhanced powers with regards to employment before they could have any clear impact on the efficiency of their staffing budget.

### 2.1.4 *Is it efficient to seek efficiencies?*

In addition to the questions raised by these debates, some also questioned how truly efficient it was to spend time trying to achieve financial efficiency. They argued that, given the various demands on their time, it might well be more efficient to accept 'quick fixes' which, though slightly less efficient in terms of cost in the long-term, might be more sensible than spending valuable time seeking alternatives, and possibly neglecting other key areas of their role.

*"If you're looking at buying 300 text books and you spend two hours trawling around all the different suppliers and end up saving £50, you've wasted that money of your own time"*

G2: Bursars, London

*"The value for money thing is an issue, it is time-consuming. If you think of the staff they employ, the time they could spend searching for best value on various things..."*

G5: Bursars, Yorkshire

## 2.2 Levels of efficiency in schools

Most schools tended to categorise themselves as fairly efficient, feeling that they had little choice to be anything else. When asked to score themselves on a scale of 1-10, the overall tendency was to choose a relatively high rating. Few wanted to classify themselves as '10/10', perhaps feeling that they did not wish to give the impression that there was no room for improvement, but conversely, few saw themselves as more than averagely inefficient. Most rated their schools somewhere between 7-9 on the efficiency scale, with only a few going as low as 5.

It is worth noting that there seemed to be no obvious correlation between the score a respondent gave and whether their school had been classified as more or less efficient for the purposes of this research. While it may be difficult to objectively assess one's own efficiency like this, it may also suggest that efficiency is not always easy to define and measure.

When talking about why their ratings were not higher, respondents tended to blame external circumstances, rather than their own financial management. This fits with a general trend among people to attribute success to individual actions and failure to external factors. However, many of the examples raised to back up their arguments covered circumstances that they had often inherited e.g. old, inefficient buildings; large teams of highly experienced staff etc.

*"I'd say about 7. There are areas outside of my control that I know could be improved and we're looking to work on that"*

D12: Bursar, West Midlands

*"I would say we were about 6 or 7 on the scale. Once the pay protection comes off and the new TLR stands under its own right, we will be really good. I think the PFI stops us being top-notch"*

D2: Head, Yorkshire

Most also claimed that they had improved their levels of efficiency over the past few years, and that they had worked hard to do so - although it was clear that, unless they had started in a new role relatively recently, most improvements had been relatively minor.

It was difficult to identify which factors distinguished the more efficient schools from those that were less efficient, but impressionistically, some distinguishing factors emerged.

More efficient schools tended to be larger (often secondary), and to have more funds available. They often had highly experienced and well-qualified School Business Managers, or even Financial Managers, often from the private sector originally. Their heads were clearly very proactive and involved with financial management, but also felt they could rely on their finance team, and that they and their staff were working to the same goal. More efficient schools were also more likely to be happy with their Board of Governors. Lastly, they often had good ties with other schools through clusters.

Less efficient schools tended to be smaller (often primary), and therefore working on a more limited budget. They were often situated in old buildings. They tended to think about the future on a more short-term basis - not much further than the coming 3 years. A minority of heads also thought that newer head teachers were more likely to be inefficient and to struggle over the coming years of financial hardship, as they had only known 'the good times'. It was difficult to assess whether this was the case within this sample.

*"When I look at it I look at size. And I begin to realise that size does matter and the smaller you are the less efficient you can be, de facto, because of the amount of money that comes into your school"*

G1: Heads/Bursars, Kent

It seemed clear that one of the key defining factors between an efficient and an inefficient school was the overall size of the budget they worked with. Those with larger budgets typically had a greater proportion to spend money on something other than salaries and a greater margin of flexibility; this gave them greater room to experiment with new strategies and more ability to innovate. All this leads to a key

question: do schools need enough money to allow them to be efficient in the first place?

### 3. Approaches to efficiency

#### 3.1 Staffing

As mentioned, a number of respondents thought that staffing was such an important aspect of their budget that there was little opportunity for efficiency elsewhere. Indeed, several argued that the only way they could make any serious impact, especially if facing, for example, 10% cuts, would be to cut down on staff. This was often such an important point for respondents, especially heads, that they found it hard to think outside it and focus on other areas of efficiency.

*“The rules of the game, unless you are innovative, determine the staffing. That’s mopped up three-quarters of your budget if you are clever, nine-tenths if you are not very clever, and then you hassle about the ‘do we mend the boiler or do we buy new books’ type of management”*

C: Governor, West Midlands

*“From the point of view of managing schools, that is inherently going to be about staffing and ensuring we maximise that. Because, you know, turning the computer monitors off and saving a few pennies, it’s not going to do anything”*

D5: Head, London

#### 3.2 Procurement

All agreed that value for money was essential when it came to the procurement of goods and services. Everyone was keen to get both the best price and the highest quality, and some pointed out that this came fairly naturally in any case, as they would invariably try to do the same in their home lives. However, it was felt to be a difficult area in which to succeed, not least because of the impression held by some that suppliers saw schools as easy targets, and would therefore not offer them the best deals.

*“I think a lot of the contractors that they approve are not managed terribly well, and they are just given a green light and see the schools as cash cows”*

G1: Heads/Bursars, Kent

Procurement was often conducted through LA procurement departments, thereby confining schools to a limited number of suppliers. This arrangement tended to work fairly well for most, as it was easier and more time-efficient. Schools did not have to

spend time seeking out suppliers, and also had some degree of peace of mind, feeling that the LA connection would help ensure that they were not overcharged. Contracts and service level agreements were already in place, and LAs were widely relied on to deal with any problems.

*"[The LA] gives us a price of their preferred suppliers and we have got two others, so we do best value approaches... if it's marginal we will go with the council because they know the school"*

D5: Head, London

*"We do quite a lot through the local authority because they've got the buying power to procure those services at a better rate"*

D4: Bursar, West Midlands

Despite these positive aspects, this model did present some disadvantages. Most respondents had little idea as to whether they always got the best deals, but they tended to suspect not. LA service level agreements were also perceived by some as being quite strict, which could cause problems if the schools had specific requirements. More generally, schools did not necessarily feel in control of the whole procurement process, and sometimes found LAs frustratingly slow at following up delays and chasing orders.

*"They did have a brokerage scheme which seems to have crumbled, it hasn't been updated very much with companies they consider to be best value. I have had to disagree with that in some instances so they are leading us down the best value for money path and it isn't always as efficient as it might be"*

G5: Bursars, Yorkshire

*"You are sometimes pushed by the LA on to certain people because they bring out all sorts of regulatory stuff you should be using. They are not necessarily best value or value for money"*

G5: Bursars, Yorkshire

*"I don't know what you think of their delivery times but very often when you need something that isn't on the shelf it is so much quicker to go to another supplier"*

G1: Heads/Bursars, Kent

*"In certain things they are probably limited to who they can use, because the council has a specific group of contractors... they might know somebody who is the cheapest but they just can't use them because they're not on the list"*

D8: LA Bursar, Yorkshire

Where they sought goods and services themselves, schools typically approached it in an organised fashion: obtaining 3 quotes; researching suppliers etc. Some did believe that they could probably get better deals this way, and there was some sense that it was preferable being in control of the process. However, most pointed out that it took

a considerable amount of time, and many questioned whether a saving of a few hundred pounds actually justified this, or whether time might be more efficiently spent on some other task. Perhaps most importantly, none thought saving money in this way was going to have a major impact on the school's financial efficiency.

*"Getting three quotes for everything is too much. It's only worthwhile if you don't know anyone already... The time that you spend getting those quotes costs money"*

G6: Heads, Yorkshire

*"There comes a stage where it really isn't worth shopping around when you are buying two dozen paper clips. What is the potential saving on each transaction?"*

G1: Heads/Bursars, Kent

### 3.3 Energy saving

Energy efficiency was usually included as part of the curriculum, which meant that it was seen as a highly relevant issue for most schools. As a result, some schools already had stated energy-saving policies and had signed up to energy pledges. All schools were required to display Energy Performance Certificates; the fact that these were displayed relatively prominently meant that heads were often more conscious of how well/poorly they were doing.

*"I talked to the students about what I'd seen in the press about the 10% reduction by 2012, and they were very keen to sign up"*

D2: Head, Yorkshire

*"We do now have to display in our entrance halls an energy rating certificate, a bit like on a washing machine... so we are very much encouraged to make sure we are looking for energy efficiency in terms of things like constant monitoring of water supplies, double glazing installation, thermostats... but the problem is there is a high start-up cost"*

D4: Bursar/Head, West Midlands

That said, despite their awareness of the subject, few felt as though they had much flexibility in the area of energy saving, and intimated that even if they did, the savings they could make would be minimal in the overall context of financial management.

*"Let's put it in realistic terms, it costs £72,000 of a £5.2 million budget. Energy is not an issue. We have solar panelling on the roof and we have grants that didn't cost us a penny, fantastic, but it saves us pennies!... Energy is a diversion, I'm sorry"*

G1: Heads/Bursars, Kent

Several of the schools in the sample were clearly located in highly inefficient Victorian buildings which could not be improved without massive investment (which would

probably be ultimately inefficient in itself). Some even lacked any central heating and had no easy way to install it, and renewable energy sources were often found to be impractical for school premises or far too expensive. As a result, many heads and bursars felt fairly limited when considering future improvements. They had often done what they could already: installing energy-saving light bulbs, encouraging energy-saving behaviour around the school, and turning down thermostats.

*“Our building is from 1847, if it’s 2000 or whatever then fine, but we’re always going to have problems in the 1847 building”*

G3: Heads, Kent

*“We failed miserably [on the Energy Survey], we were not very good – and because of that we decided to have all low-energy lights put in and had some re-wiring done which affects the amount of electricity we use... [but] we are really at the mercy of the energy companies”*

D3: Head, Yorkshire

*“To be honest in the old school it was a very draughty school, it was difficult to get staff on board in terms of saving energy. That’s changing now”*

D7: Bursar, Yorkshire

*“We are very aware, but it’s a ‘60s building, one is ‘60s and the other is late ‘70s, and it’s not the most efficient of buildings”*

D9: Governor, West Midlands

Some also pointed out that teachers could be an obstacle to greater success in this area, as they did not necessarily act in an energy efficient way, and needed to be educated further on how their actions affected the school’s carbon footprint. Several commented that this was actually most successfully confronted through pupils, who would often complain at any perceived energy inefficient behaviour.

*“Teachers do not like to be told not to do something. You have to be careful how you get them – really the curriculum is the best way because the kids get interested, and they will force the issue”*

D12: Bursar, West Midlands



*“The staff involved just don’t care really so there’s definitely a culture issue there... We learn more from the kids than we do from ourselves, they do it as part of their curriculum, all this green stuff”*

D4: Bursar, West Midlands

### 3.4 Sharing resources

There was little evidence in this sample of many schools sharing resources, though a small number were sharing staff. Most seemed to think that sharing resources, while good in theory, was quite difficult in practice, as there would only be certain areas where it would be practical to share goods/services – for instance, the concept of sharing an admin team was considered problematic. Sharing also relied on schools with similar needs being geographically clustered. In addition, there was the question of whether larger, better-off schools would really want to share their resources with less well-off schools. All these factors considered, most imagined that it would take a great deal of cooperation and management to make resource-sharing work, and few seemed enthused enough by the idea to feel it worth the effort.

However, a minority were more optimistic. One or two had read how sharing had been achieved successfully in a case study, and thought that there might be some potential. As previously mentioned, some were also sharing staff. This tended to be either because a failing school needed good senior staff (e.g. heads, finance staff), or because a ‘niche’ teacher was required. The earlier-cited LA bursar service in Yorkshire was another example of staff-sharing, although in essence was closer to a freelance service.

Very few respondents’ schools were members of federations. These were typically seen as complex to organise and run, and likely to generate far too much admin, although sometimes appealing in theory.

*“There are federations for schools each year, I am not in one but I know they work really well... it is not appropriate at the moment, it is very difficult when you are a special school”*

D3: Head, Yorkshire

A more informal model of networks and ‘clusters’ was far more popular. Many were members of heads or bursars clusters, and typically came together to share information and ideas, rather than to directly share resources. Some also seemed to cover wider geographic areas, and one school had joined together with 3 other local schools to create a ‘family’ of schools, which was seen as a precursor to a possible federation.

*"In the last couple of years we have set up a Bursars cluster, we did that independently because you feel quite lonely sometimes working in schools... we found that very effective"*

D12: Bursar, West Midlands

*"The school will email all the other schools in the area and say, have you done so and so, if so have you got good contacts – there is a lot of that going on"*

G7: Head/Bursar, West Midlands

*"We have focus forums three times a year, which is really important because you get to meet your colleagues, talk about different issues, inform each other... forging links with other schools is very important"*

D6: Bursar, London

*"Even meeting together as a family of schools is a huge deal for us because some of them have never been out of their own schools. I think that is the best way to do it but I don't know quite how we break down that"*

G5: Bursars, Yorkshire

## 4. Advice and support

### 4.1 Awareness and use of current sources

When asked to discuss which sources of information they might turn to for information on financial efficiency, few identified many sources of information that they would want to use. This was not necessarily due to a lack of awareness of the resources available; rather, it appeared to exemplify the fact that most people thought they were already doing what they could in terms of efficiency. As they saw little scope for improvement in this respect, they naturally doubted whether they would find out any new information from a website or document.

Beyond this, it was clear that most saw the **Local Authority** as the most important provider of such information, and the best place to find out about new and relevant initiatives. Most respondents typically had regular contact with their LA – much of it through direct contact with individuals rather than through a website – and widely regarded them as trustworthy, if sometimes inefficient. Information on financial efficiency was also seen as particularly appropriate coming from LAs, especially given the fact that it is the LAs who will be informing schools of any cuts in their budgets. Crucially, most respondents appeared to rely on their LA regardless of whether they actually had a positive relationship.

*"Obviously my finance officer at the LEA is my first port of call... [the LEA] needs to be a bit more joined-up, and that is happening... but the LEA is my first port of call because obviously they formulate the budget"*

D12: Bursar, West Midlands

*WHO WOULD YOU TURN TO IN GENERAL FOR INFORMATION ON FINANCIAL EFFICIENCY?*

*"The local authority, certainly, with the caveat that you will tend to get not a very entrepreneurial response, but more a systems response"*

C: Governor, West Midlands

*"We are very much dependent on the local authority for the future, and there are some things, no matter what planning we make, in terms of buildings and so on, that are really a sub-set of the council's plans"*

G7: Head/Bursar, West Midlands

*"We tend to look to the local authority. I suppose because of the networking that one does, you tend to know who to go to, to ask a specific question... I must say they are very good"*

D9: Governor, West Midlands

The Department for Children, Schools and Families (**DCSF**) was also regarded as an important source of information, even though many were critical of the department in general. Respondents were inevitably upset about the prospect of budget cuts, and many expressed frustration at what they saw as a continuous stream of new initiatives that did not necessarily achieve anything. Despite this, most agreed that DCSF was 'their' department, responsible for education and ultimately making all the important decisions affecting them, so was naturally an important source of information. The primary issue seemed to be more that there was too *much* information received from DCSF, and on so many subjects that it was hard to identify which they should pay attention to and which, if any, they were safe to disregard.

*"You've got so much information... I don't feel I'm comprehensively picking out the things that I really should know"*

G2: Bursars, London

Heads seemed more aware than bursars of the publications produced by DCSF; their general impression was that the information contained within them was generally fairly useful, but often long and not particularly desirable to read. There seemed to be more interest in the boxed-out case studies than there was in the general content of these publications.

Beyond these sources, most respondents were aware of (and had at least visited) **Teachernet, Financial Management Standard in Schools (FMSIS), National College, Financial benchmarking** and **DCSF Value for Money (VFM)**.

In addition to all of the above, a few bursars were members of the **National Association of School Business Management** and recommended it as a useful source of information. It should be noted, however, that NASBM assisted in the

recruitment of some bursars for this research, so the sample is likely to have been skewed towards those who know this organisation. NASBM members tended to be quite enthusiastic, and used the organisation as a means of staying in contact with other bursars and finding out any information that might affect their professional lives. Yet it was clear that some bursars were less aware of its existence, and not privy to the information available to members.

A few heads in Yorkshire and London had experienced or heard positive feedback from colleagues about **The Key**, a new site for school leaders; if they had not done so already, they intended to investigate. It is also worth noting that several bursars and heads in London had attended a financial management conference which featured presentations from Avail, among others, and which seemed to have been a good source of information.

*“There is a new thing called The Key which is an online support for schools which is very good. It tells you about everything – policies, finance, everything”*

D3: Head, Yorkshire

*“I went to the conference a couple of weeks ago. The Audit Commission presented there and showed a couple of really interesting tools... one was where you can work out all your staff costs are and what they're teaching by the hour, and you can cost each hour for each subject – and it's very complex but once you've got all your information there it looks like quite an interesting exercise”*

G2: Bursars, London

## 4.2 Response to sources

### 4.2.1 *DCSF/VFM*

As mentioned, DCSF was the most obvious first port of call for many, although at times it seemed as though it was more of a passive source of information than one they actually sought out. Most were very used to receiving DCSF-branded information, but few seemed familiar with the DCSF website itself. Similarly, most were aware of the VFM site, but whilst respondents sometimes seemed more familiar with the content than that of the main DCSF site, there was little sense that they had visited it recently.

That said, some thought that the information available on this site seemed fairly useful, fitting well with the kind of practical information they expected to receive from DCSF. Others were more sceptical, doubting whether there would be anything of any real value on the site, with some voicing cynicism over the ultimate motives of DCSF.

It is worth noting that respondents were prone to making ‘knee-jerk’ criticisms of DCSF simply as a reaction against those perceived as ‘in authority’; these were often tempered by more considered (though not necessarily more positive) opinions as the discussion progressed.

*“It’s like frequently-asked questions. The off the shelf answers don’t always necessarily fit. ‘How can I create and embed a culture of value for money in my school?’ Do I want all the teachers wandering round saying, ‘I’ll shut that window to be more energy-efficient?’ That’s the level”*

D2: Head, Yorkshire

*“I think the biggest thing with any government department, about their credibility, is the political motivation behind that department – you always have to be aware there is a balance between genuine desire for improved standards and improved efficiency, and using education as a political football”*

G7: Head/Bursar, West Midlands

*“It would be a complete surprise if there was anything of use there, it would be way too general”*

G6: Heads, Yorkshire

Two key problems emerged with the idea of DCSF being seen as a truly comprehensive and reliable source of financial information. Firstly, DCSF was seen as being responsible for providing large amounts of information on all relevant educational subjects, which meant that it was not necessarily seen as a reliable source of *financial* information in particular, though they would expect to be able to find it if necessary. Secondly, due to the fact that the relationship between DCSF and themselves usually involved respondents receiving rather than seeking information, DCSF was not necessarily an obvious place for heads or bursars to go to for this type of information.

*“It’s not the first port of call for me but for somebody who is less experienced than me, then it would be”*

D4: Bursar, West Midlands

*“I do visit their site but not for financial... I get lots of emails from them and I do always look at it but it can be quite mind-boggling actually! Lots of initiatives and things like that”*

D3: Head, Yorkshire

Whilst the VFM website had overcome the first of these to a certain extent, it did not seem attractive enough to bursars or heads to become a key resource. Apart from the fact that it was not a universally known site, this seems likely to be because of the low expectations many seemed to have of DCSF material. They expected it to be accurate and potentially useful, but they also assumed that it would be fairly dense,

dry and uninspiring, lessening the desire to seek it out. Some also suggested that the level of information on the website was unlikely to be very complex, and would perhaps be best suited to people with little experience. There was also a general wariness amongst many respondents of exposure to further 'initiatives', with which many already felt deluged.

*"[on DCSF website] Quite staid and formal, not easy to use"*

D2: Head, Yorkshire

*"If somebody came up with, this is the value for money website and these are the ten most fantastic things it can do for you. Ten top tips if you like, people might then go and have a look at them and then delve a bit deeper, whereas at the moment you've got all the tabs to look at, all the topics. Do you want to be trawling through them all before knowing what they can do for you?"*

G2: Bursars, London

*"The thing about the last ten years and before that is that there have been a lot of initiatives and it has to be decided which ones are really essential to your school. I would hope to see less initiatives and a little bit more time to do things"*

D3: Head, Yorkshire

#### 4.2.2 Teachernet

Teachernet was widely used by heads but less so by bursars, largely because it was so clearly aimed at teachers. The site had a fairly positive reputation among heads as the first place they would look for any teaching and learning-related information, but had less of a reputation as a finance resource. That said, most assumed that any information it provided would be useful and accessible.

*"I use it more for educational than for financial management aspects. There is a lot of information on there"*

G7: Head/Bursar, West Midlands

*"It's a whole range of things, a lot of policy information and practicalities. If I want to know a teacher's pay scale, the first place I would look at is Teachernet"*

D5: Head, London

The general impression of Teachernet's financial content was that it was more of a hub for reaching other finance resources, rather than as a resource in itself. This was well appreciated by some, who agreed that it was useful to group together links to various relevant sites. Others, on the other hand, felt that they already knew what sites they needed and didn't need further signposts; they would have preferred more straightforward, practical information. Whilst Teachernet was broadly seen as trusted, some expected more information from the site itself. Several also mentioned having

had navigational problems with the site, with links not working or problems with the search facility, which discouraged further investigation.

It is worth noting that Governors were enthusiastic about Governonet, a site that aims to provide Governors with all the information they need; they found the information useful and focused on their needs. Some bursars were of the opinion that there should be a similar site - a Bursarnet - for people in their position, so that they could all have access to the same information and resources.

#### 4.2.3 *Financial Management Standard in Schools (FMSIS)*

Almost all respondents' schools were attempting to meet the standards set out by FMSIS, but opinions on the standards were diverse. Some thought they were extremely useful and provided a good set of criteria to meet; others thought they were largely common sense and did little to inform people how to maintain financial management standards, and some thought they were a complete waste of time.

Whatever their views, most respondents had attempted to submit their applications. A small number were pleased and happy to do so, believing that it demonstrated good practice, despite the high levels of effort involved.

*"I had to make sure they were done, and it was just a really, really hard exercise [but] there was some value in it, and I believed in the principle of it"*

G2: Bursars, London

*"It's very, very necessary... all these things are totally vital and if you are not made to do it, you won't do it. I think it is the best thing that has gone on lately, even though it nearly killed me doing it!"*

D6: Bursar, London

More widely, however, the process was not only acknowledged to be a great deal of work, but there was also some uncertainty that the ends justified the means. One or two even admitted that they had 'knocked together' significant portions of their applications, simply to achieve the standard. Whilst this behaviour was extreme, the general feeling was that FMSIS was something they felt they *had* to do, rather than a site which provided particularly useful information.

*"We're at the first time of re-doing it. That has taken hours. Since Christmas we've been gathering up all the information and we've been going through and looking at things. Then it goes back to the Authority and we get a letter which is sent in triplicate to the Business Manager, the Chair of Governors and me. That's really cost-effective!"*

D2: Head, Yorkshire

*"We have just gone through a period of achieving the Financial Management Standard... and my God, have I had to work my salary this year. To be honest you'd think they were looking after millions, what they want us to do"*

G7: Head/Bursar, West Midlands

*"We are due again for it, and again it feels like interference. Since '93, we've set up this business without too much hassle. I know you've got auditors and inspectors coming in, but we're running it, you know, and it's great"*

D7: Bursar, Yorkshire

*"It's a waste of time... I have to admit, about 25% of what we did was knocked together, not genuine"*

G6: Heads, Yorkshire

#### 4.2.4 National College

National College was widely respected across the sample, largely because it was a firmly established body which was known to provide important information and resources on leadership and management. Most thought that it had an attractive, easy to use website which provided relevant, important information, although it was clear that the College was most respected for the practical information and training it provided.

Perhaps most importantly, it was well known among bursars for providing the Certificate of School Business Management (CSBM) which a number of bursars had taken and found to be extremely useful. The positive response to its courses sometimes overshadowed the other information provided by National College, but overall, perceptions were very positive.

*"I am surprised [the LA] doesn't push the NCSL more than they do, I think it's imperative because of the confidence it gives you – just the breadth of the role and to help you understand what areas you should be looking at"*

D12: Bursar, West Midlands

*"Fantastic. Brilliant. Totally supportive. All my career development has been through them... they are the best thing for research, courses, training"*

D2: Head, Yorkshire

*"Very positive impressions. I've done a number of courses with them. I think their courses are tight"*

D7: Bursar, Yorkshire

#### 4.2.5 Schools financial benchmarking



The benchmarking site was widely used across the sample, and the basic principle behind the tool was very popular. Most respondents liked the idea of being able to compare themselves against other schools, and had found several ways in which they could use this information. All thought it useful to understand how their expenditure differed and to consider why this might be, and heads and bursars often found it useful to provide the information to Governors. Several had also used Benchmarking information to answer basic questions or to deflect criticism from their schools where necessary, by pointing out similar schools which were performing less well.

*“It’s quite useful as a rule of thumb, yes. You know, it kind of gives us an instant picture and might flag up some exceptions... where it shows that we are out of kilter with other schools of similar size, we ask the question why”*

D5: Head, London

*“I think benchmarking is really important and can be developed if you can guarantee that the information you’re given is accurate”*

D4: Bursar, West Midlands

*“It is an excellent tool to be able to benchmark yourself against a similar school... Governors love to see the fact that you have got some benchmarking data”*

G5: Bursars, Yorkshire

However, respondents did identify problems with the system in practice which rendered it slightly less useful than they had hoped. Many complained that they found it very hard to make a like-for-like comparison; it seemed fairly common for respondents to feel that their school was unique in some way, which made it hard to find a suitable point of comparison. On a similar note, some said they would prefer to know who it was they were comparing against, so that they could ‘weight’ certain factors more accurately; this was often evidenced by their attempts to compare with local schools, where they could identify what factors might inform their figures.

*“It could be five local schools that are similar to you but unless you know the schools – for example, our grounds are quite extensive so if you looked at our grounds maintenance costs and then looked at the other local school down the road where the grounds are quite limited, you’d think, ‘well they’re both schools with 400 pupils so how come this school is spending £4k on grounds maintenance and this one only £2k?’ But when you know the schools the reasons are obvious”*

D12: Bursar, West Midlands

*“Schools are not keen on sharing some of their financial information, so if you were to benchmark, pick a selection of schools in the area and try and compare yourselves to them, it doesn’t actually tell you which schools, because they need to keep that a secret – so it’s*

*giving you some information but not all, and I think we need to share that information”*

G7: Head/Bursar, West Midlands

*“There’s more to our job than worrying about this. If you went on there you would look like you were one of the best schools ever because you weren’t spending loads of money etc, because that’s how we look against benchmark, so I can’t understand why we haven’t got the money”*

G3: Heads, Kent

Despite these problems, it is important to note that the service was perceived, and expected, to be very useful by the vast majority. Most in the sample, especially heads, saw a great deal of potential in the opportunity to compare their finances to those of their peers, and would welcome further development and refinement of the system.

*“The benchmarking website is absolutely brilliant, you can see exactly where you are in relation to other schools... you have to be kind of critical of it as well but it is a very interesting exercise”*

G2: Bursars, London

#### 4.2.6 *Audit Commission*

The Audit Commission was less widely known or used than most other sources of information. Although most were aware of it, few had experienced any direct contact. A common attitude among those who had visited the Audit Commission’s site or read its reports appeared to be that it was too focussed on reporting figures, rather than on placing them in the context of teaching, which could lead to feelings that the Commission was not really ‘in touch’ with their roles and demands.

*“I see the words ‘Protecting the public purse’ and it tends to put me off a little bit... it’s got the sound of control, rather than innovation”*

C: Governor, West Midlands

*“Interestingly I haven’t used it a great deal... I don’t think, oh I am going to look on the Audit Commission website, whether rightly or wrongly, it’s not the first port of call”*

G7: Head/Bursar, West Midlands

*“Obviously their benchmarking stuff is good, but a lot of it takes a long time to say what is blindingly obvious and some of it is completely unreal... they don’t understand schools”*

D5: Head, London

*“In terms of kind of a symbiotic relationship, we don’t get much from them... they’re looking for a problem, that’s their role”*

D7: Bursar, Yorkshire

A minority who had read *Valuable Lessons* were highly critical of the document, saying that it was dull, patronising and did not appear to be based in the real world. That said, a minority of people from more efficient schools (typically School Business Managers) were more enthusiastic. These often more experienced respondents thought that there might be some benefit in the DCSF working together with the Commission to produce something that seemed more relevant and useful to head teachers.

*“Valuable Lessons is a waste of time. One of my governors got very exercised about it and seemed to think it was something really new, and I was like, ‘no, that’s just what we do’”*

G2: Bursars, London

#### 4.2.7 Consultancy for Schools

Few were aware of the Avail service, and many were surprised to hear of its existence. Even those who were recruited as people who had signed up for Avail’s consultancy were not aware of Avail as a brand, which could lead to some confusion. Some in London had been made aware of the service via a presentation they made at a conference.

*“[At the conference] a lot of people had no idea – 90% had no idea that you were entitled to this free day from a value for money consultant and that it’s provided by the DCSF, so ultimately they had not publicised that at all”*

G2: Bursars, London

*“For me, because it says Avail, unless that’s big branding and made clear to schools, I’d be like, what is that? But that’s because we’re not really aware of it... I wouldn’t think that was as good as saying DCSF on it”*

D8: LA Bursar, Yorkshire

*“If it’s out there and it’s free, why isn’t this entitlement known about?”*

G3: Heads, Kent

When the service was explained, there was a certain amount of cynicism as to the motives of the consultancy firm. Whilst the idea of a day’s free consultation seemed quite useful in theory, several doubted whether much could be achieved in a day, and whether the concept of individual, tailored help was truly realistic. Some even wondered whether the scheme was essentially a way of Avail advertising their services by spending the session telling them what they could do, if they purchased more sessions. For some, this sense was intensified by the rather sales-oriented look of the website, with its endorsements and emphasis on the free quality of the service.

*"It would have to be more than a day, you would have to go back. You can't just dip in for a day, you have to go back and it would have to be a real investment"*

D6: Bursar, London

*"It comes across like some double-glazing sales site"*

G6: Heads, Yorkshire

Having said this, others were more open to the idea. The concept of free consultancy was certainly an attractive one and sounded like a potentially useful tool, especially if it was genuinely free. The connection with DCSF also prompted a higher level of trust, and the fact that the information would be tailored to their needs seemed promising, if ambitious. On the basis of this, several had signed up to the programme even though they had their doubts; others clearly had only moderate expectations in the first place and adopted more of a 'wait and see' stance.

*"I will be getting in touch with that one and get someone to come to talk to me... Individualised is much better, local is much better and every area is different"*

D3: Head, Yorkshire

*"I will get anything free. I think from what I have seen in it, the fact that you are allowed to choose things that are tailored to your specific needs is the key thing... I think the idea is they will come and point you in the right direction, where you can get support, so it could be very useful"*

G7: Head/Bursar, West Midlands

*"I'd certainly be keen to get the one-day visit to see someone else other than Kent, because they couldn't see what else we could do... if all schools had that as part of their entitlement, this one day visit, you wouldn't need to plough through all the paper because you'd have an action plan"*

G3: Heads, Kent

A minority had already experienced Avail's services, and seemed fairly unimpressed, largely because they felt that they had learned nothing new. One even felt that he had been patronised (e.g. advised to compare prices of potential phone providers before signing a contract). However, it was acknowledged by most of these that they had taken part in the programme at an early stage, and they were open to seeing how it might develop.

*"We had some people from there talking to us at a recent conference and it was a bit of a joke, but we shall see... it was literally about strategic management, a seminar for an hour about whether a Pay as You Go phone is cheaper than a contract... obviously it's an expensive programme to set up therefore we appreciate that someone has taken the time to set up and do it. In terms of impact we shall see"*

D5: Head, London

*“To be honest it wasn’t particularly helpful but we were very early tranche and apparently it has got much better since then”*

D6: Bursar, London

#### 4.2.8 Open

Almost none of the sample had heard of this service at all. Of the few who were aware of it, at least two had encountered practical problems (such as the programme not being compatible with their financial management programmes), which meant they were unable to use the service. Despite this, most respondents seemed genuinely interested in the idea of a tool that would make procurement more competitive and easy to conduct themselves, and were amenable to finding out more about Open.

*“You go in and it says log in, but if you aren’t registered it doesn’t tell you how to register, it doesn’t tell you that you have to go through your local authority... I was quite frustrated, having seen the demonstrations at the course”*

G2: Bursars, London

*“If this gives you some benchmarking type figures about what you can expect to pay... I haven’t looked at this, but I can see there is potential in this”*

G7: Head/Bursar, West Midlands

*“The online procurement, I’ve not used that because of our link to the local authority, but I would look at that”*

D4: Bursar, West Midlands

*“That’s only really just starting to take off... we have some schools that are at the forefront of all these initiatives and others that you’ll be dragging kicking and screaming for three years down the road to get in line”*

D8: LA Bursar, Yorkshire

In this context, one head also mentioned a new procurement system called ‘Storm’ they had seen demonstrated recently. This effectively harnessed the bulk buying power of multiple schools to bring prices of essential equipment down; she intended to investigate it further.

#### 4.3 ‘Ideal’ information

Respondents found it hard to consider how they would like to be communicated with regarding financial efficiency, largely because they did not feel that there was a great need to find out more about this subject. Indeed, the concept of further information on the topic of financial efficiency was not particularly interesting to the majority, simply because they felt that there was more than enough guidance and information

available should they require it. If anything, schools felt overloaded with this type of information.

*“I just feel that I’m comfortable with what I know... I’m very confident in my ability to assess bad situations and I don’t need anybody who comes along with a theoretical way of doing things”*

D4: Bursar, West Midlands

*“The main thing schools moan about is how much is getting thrown at them. They all seem to say they could do with a full-time member of staff just to catch up with websites and emails”*

D8: LA Bursar, Yorkshire

When pressed, most said that if further information was provided, they expected it to be short and relevant to their requirements, focussed on local needs, and aimed at how they can make financial savings in their staff costs. Concrete information and examples, such as case studies and best practice, were preferred to generalised guidance. It was clear that they did not want anything discursive or theoretical.

Several also said that they were tired of downloading and printing documents and that they would prefer to receive something in the mail, rather than having to go through the download process again - although they acknowledged it would have to work hard to stand out from the plethora of other mail that they received. It was questionable whether they would read such documents, even if they were sent them.

*“I don’t want things to be attractive, I want them to be trusted and to know what’s on there is right. You have so little time to get things done that you go back to things where you know you can get facts and figures immediately... it’s got to be fast, user-friendly, trusted and[we need] to know that we can actually hook into it and use it”*

D2: Head, Yorkshire

*“Clear-cut examples, things that are relevant to the particular schools and in which they can have an impact – rapid case studies”*

D5: Head, London

*“The DCSF is as bad as anybody - I’m fed up now with having to download things, it drives me mad, all that cost is coming to schools. All that printing, all the ink and the time it takes”*

G3: Heads, Kent

When asked who the most appropriate providers of such information would be, most suggested that the obvious providers would be either DCSF and/or their local authority.

*“If something came from the LA I would just be that bit more interested, and that bit more likely to believe that I would save enough money to justify having a look”*

G6: Heads, Yorkshire

However, it is important to note that few seemed particularly enthused at the prospect of a new document, even if it did meet all the criteria listed above. Instead, there was a clear preference for *practical assistance*, ideally through tools that could make a difference to their working lives, be used by both bursars and heads, and be used to provide valuable information to heads and/or Governors.

*"If you are going to scout around for loads of different tools doing the same sort of thing, that's not very efficient... It's about getting the practice right, there is no point assessing something if what you are assessing isn't very good"*

G7: Head/Bursar, West Midlands

*"There is lots of stuff going on, and I want to go to the bestest, firstest, fastest! As long as it gave me something I could use and do, rather than a lot of platitudes"*

D5: Head, London

*"I actually think tools are useful. I think you know there's a purpose and you can direct people to that... I think the tools are very useful as a starting handle"*

D9: Governor, West Midlands

*"I personally like toolkits. I don't like having to read endless amounts of literature"*

G5: Bursars, Yorkshire

When asked what the tools should actually do, respondents tended to recommend either working on improved versions of those that currently exist (Benchmarking, Open etc), or creating something addressing the need to be more efficient in staffing.

*"A system to allow real benchmarking. It could well be some useful management indices, or ratios, which you may care to use... these are the fundamental things you need to do to achieve financial control"*

C: Governor, West Midlands

*"Staff employment is something I personally would like to feel more confident about when I'm in senior management meetings. It's 95% of my budget, the rest is pennies really"*

G2: Bursars, London

## **E. CONCLUSIONS**

### **1. Efficient and inefficient schools**

#### **1.1 Differences between schools**

On this evidence, it is difficult to ascertain what the more efficient schools do that is so different from the less efficient schools. Most seem to have a fairly similar attitude to achieving financial efficiency despite differing in what the core focus should be. To a certain extent, it appears that their efficiency may be related to individual attitude and factors which are ingrained in the school's structure and staffing (at least some of which will be a legacy of previous management).

There are indications that they may be more likely to employ bursars who are more qualified, more experienced and come from a private sector background, though this is by no means the case for all efficient schools in this sample. It also seems probable that more efficient schools have heads who are financially interested and proactive yet supported by finance teams who can be relied upon to run the schools finances without micromanagement. Efficient schools are also typified by involving strong, reliable governors.

Above and beyond all these factors, however, there are also suggestions that the better off a school is, the more likely it is to be financially efficient. The greater the funding a schools receives, the more flexibility it has to focus on efficiency with whatever funds are left after staff costs have been accounted for.

There is no clear evidence that efficient schools are conducting their business significantly differently, accessing more resources or using support in a different way. Indeed, most seem to have a similar level of awareness of the support available and the tools provided. The only major point of debate is over whether it is as feasible to achieve financial efficiency within schools as it is in business. This debate is influenced to a large extent by individual backgrounds (specifically, whether or not respondents had come from a business role). As mentioned, more efficient schools sometimes recruit bursars from the private sector; this might be an argument for the more 'business-like' approach such individuals tend to adopt, though it is clear that many feel that an approach which ignores educational outcomes and focuses solely on finance is unwise and potentially harmful to pupils' educations.

#### **1.2 Schools requiring greater focus**



What is clearer is that some schools seem more likely to struggle to achieve *greater* levels of financial efficiency due to their current circumstances. For example, some less well-funded schools (especially primary schools) have the vast majority of their budgets allocated to staffing; allocation of the remainder is likely to be managed by a head who has many other issues to focus on and, potentially, a bursar who has either little or no contact with the school or has numerous other responsibilities aside from financial management.

This could be particularly problematic if their budgets are reduced in the coming years, as they feel they have little space for manoeuvre as it is. It may be useful to identify those schools most likely to struggle with this (i.e. those with lower funding and minimal financial management) to ensure that they are fully aware of any support that may be offered in the future. Ideally such support would focus on strategies and tools to assist in making the best use of their time in dealing with financial efficiency, and in working with small budgets.

## 2. **Barriers to change**

### 2.1 General barriers

While staff in all schools are aware that they will need to adapt to the anticipated tightening of public sector spending, it is clear that even those with greater perceived flexibility are likely to find it difficult to become more efficient.

Issues likely to limit schools' ability to change include:

- a common perception that circumstances beyond their control dictate their level of financial efficiency (e.g. inefficient buildings, LA procurement procedures)
- a widespread sense that they are fairly efficient already and doing all that they can to bring this about
- perhaps most pervasively, a belief that financially efficient actions in areas other than staffing are unlikely to have a major impact

These factors contribute to a general belief that improvements to the financial efficiency of schools will be difficult to achieve. This is likely to have a serious impact on engagement with and interest in any communications on the subject.

Another potential barrier, though less serious, is that while all understand the broad concept of financial efficiency, there is no clear consensus over what this means in specific terms. A lack of clarity exists over whether schools are expected to run in a similar fashion to businesses, or whether 'efficiency' can somehow encompass less stringent parameters and take into account educational outcomes.

Given these issues, it is clear that any communications from DCSF or its partners need to...

- provide clear advice about staffing and how efficiencies can be achieved in this area
- provide coherent, constructive and concrete suggestions for improving efficiency in *every* area
- take care not to appear as though they are criticising less efficient schools yet address the sense of impotence that many feel in this area
- clear up any remaining ambiguity by formalising what is expected of financially efficient schools

## 2.2 Barriers to working with other schools

Aside from those barriers already mentioned, there are specific factors that seem to prevent schools from working with one another to share resources or teaming up to buy goods and services. Whereas most respondents in the sample appear to have good working relationships with others in the same profession, these tend to be confined to sharing information and ideas, rather than actively working together to achieve greater efficiencies.

Bursars and heads (the latter in particular) seem less keen to work together any more closely because they expect it to be difficult to organise and may involve a great deal of negotiation and complex administration. There are also concerns that such arrangements would only operate effectively if they bring together schools with similar needs; these are unlikely to be conveniently clustered.

Given that there are clearly various successful federations and 'families' in operation, it seems likely that these concerns may overstate the complications inherent in this process. For that reason, we recommend providing specific information on this: perhaps a dedicated website page that provides information on how this might be achieved, tools that might be used in the process. It will also be important to challenge the assumption that cooperation in this manner is complicated (assuming

this is not the case): the less time they assume it will take, the more likely they are to engage with the idea.

Heads are also likely to respond to case studies of how this has worked successfully. These will probably need to be short and varied, so that they have the opportunity to read about a range of scenarios; this should assist them in relating the case studies to their own position (rather than assuming that only schools in certain situations can achieve it).

### **3. Provision of resources and support**

#### **3.1 Use of available resources and support**

Use of resources is currently patchy and tends to be dictated by individual awareness and interest, in both the provider and the perceived subject matter. There appears to be little difference in which sources are used between schools classed as more or less efficient.

Local Authorities are clearly relied on for much of the information around financial efficiency. LAs are assumed to be a reliable conduit for anything relevant, with various policies and processes in place to assist schools, or that they are compelled to abide by. Despite this, they are also deemed to be overly bureaucratic and inefficient.

DCSF are also seen as an important provider of information, and have a reputation for being authoritative and informed, as well as able to cover all aspects of education. However, their very ubiquity within the sphere of education can serve to diminish the impact of their financial advice, particularly when heads are very much passive recipients of their information and there are clear signs of 'initiative fatigue' across the sample. Heads and bursars have low expectations of DCSF communications in terms of both readability and the provision of new information. They also receive information from the Department on such a wide range of subjects that anything focusing on financial efficiency runs the risk of getting lost in the mix.

The cynicism which has greeted FMSIS or the Avail offer are good examples of the way these factors affect the impact of any new schemes. Heads and bursars are wary of such initiatives, regarding them as either an excuse for more bureaucracy or another way for private companies to make money out of them; they assume there is a 'catch' until proved otherwise.

There are also indications that, no matter who they come from, people are tired of downloading long documents - especially when the content focuses on a subject about which they feel fairly confident anyway. Instead, they are more interested in the *potential* offered by the various tools available, particularly those that offer unique, tailored information, such as the Benchmarking service, or that provide a new, efficient way of performing tasks, such as Open. Although most had found these either disappointing in practice or had not heard of them before, interest levels in the possibilities they offer are fairly high.

### 3.2 Potential tools

On the evidence of this research, it is clear that most respondents would prefer practical help, rather than information.

However, as mentioned above, there is a certain amount of cynicism towards anything new. This means that the usefulness and intentions of any new tool will need to be immediately apparent, so that they are encouraged to try it. They will also need to be practical and relatively easy to implement.

Potential exists for the following:

- an improved **benchmarking** service that allows more flexibility, an ability to identify schools with similar structures/demands to aid like-for-like comparisons, potential for grouping similar or local schools
- enhanced **procurement tools** that allow schools to compare costs from various suppliers without too much effort; perhaps this could be expanded to include services as well
- tools that enable **clusters to share information** and work together more easily (e.g. forums; bulk-buying tools; shared documents); the more cohesive this kind of grouping, the more likely they are to feel they can work together on a greater scale
- **training of other influential staff** so that more senior staff understand school finances; some bursars have highlighted deputy heads as a particularly important audience in this respect
- an online **bursars resource centre** (a 'bursarnet') which can provide such individuals with relevant information

- provision of a range of easily accessible, well categorised, browsable **case studies** which heads and bursars can trawl for ideas and use as the basis of a business plan

There may also be some value in working together with other organisations, particularly those respected by bursars such as National College and NASBM.

### 3.3 Potential for information

Any information aimed at improving financial efficiency will need to come across as new and interesting if it is to capture the imagination of heads and bursars alike. This will involve concrete examples of ways to improve (e.g. through case studies) and advice that they can apply directly to their schools. They are less likely to be interested in theoretical information; instead they want to know what they can do and how to overcome their concerns about potential obstacles.

Key issues to focus on should include:

- how to achieve financial efficiency in **staffing** (this is potentially one of the few areas where a document may be useful)
- **localised advice**, to ensure that information is as relevant as possible; local schemes which encourage schools to communicate and work with on another may also be worthwhile
- as mentioned previously, information on **how to work together** in ‘families’ or federations
- **reactive information** (i.e. information in response to specific issues) could also prove popular as heads and bursars would be more inclined to read it if it was perceived as a pressing issue. For example, if an LA announces 10% cuts, heads and bursars in that area would respond well to locally-gearred information on how to manage this. They are likely to reject information that feels as though it is simply policy documentation or ‘another initiative’.
- it may also be worth addressing a core concern that underlies the actions of many heads: that cutting costs may lead to lower standards of attainment. This would ideally come in the form of demonstration of how this is not the case (if feasible), providing **reassurance** and illustrating how financial efficiency and high education standards can go hand in hand.

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