



National Audit Office

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COMPTROLLER AND
AUDITOR GENERAL**

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Department for Education

Oversight of financial management in local authority maintained schools

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Department for Education

Oversight of financial management in local authority maintained schools

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Amyas Morse
Comptroller and
Auditor General

National Audit Office

14 October 2011

This report explores how the Department gains assurance on the financial management capacity and capability in maintained schools, through local authority oversight and intervention.

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This report can be found on the National Audit Office website at www.nao.org.uk/schools-financial-management-2011

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Key facts

£34.1bn

distributed to local authorities for maintained schools in England during 2011-12

£1bn

savings the Department expects schools to make between 2011-12 and 2014-15

18%

of secondary schools in deficit at the end of 2009-10

- £34.1 billion** allocated to local authorities by the Department in 2011-12, for distribution to approximately 20,200 local authority maintained schools in England
- £1 billion** of savings in back-office and procurement costs the Department expects local authority maintained schools to make from 2011-12 to 2014-15
- £1.5 billion** total revenue surplus held by maintained primary and secondary schools at the end of 2009-10
- 18 per cent** of local authority maintained secondary schools in deficit at the end of 2009-10
- 7 per cent** of local authority maintained primary schools in deficit at the end of 2009-10
- 36** maintained schools in 24 local authorities in deficit for every year from 1999-2000 to 2009-10
- 92 per cent** of maintained primary and secondary schools confirmed to have met the Financial Management Standard in Schools by March 2010 against a target of 100 per cent
- 8,600** school business managers employed in approximately 20,300 local authority maintained schools in January 2010

Summary

1 The Department for Education (the Department) is responsible for the quality of school performance and the academic achievement of pupils. In the decade to 2009-10, schools received an average annual increase in spending per pupil of nearly 5 per cent. Up to 2007-08, schools collectively spent less money each year than they were given, and the sum of unspent primary and secondary school balances peaked at £1.76 billion. As a result, many did not need to prioritise efficiency to remain within their budgets. However, more schools are now facing reductions in their budgets in real terms, at the same time as significant changes to qualifications and curricula, and continuing pressure for improved performance.

2 Weak financial management and weak academic performance often go hand in hand. In our 2009 report examining financial management in the then Department for Children, Schools and Families¹ we compared Ofsted's judgements of the overall effectiveness of schools with school surpluses and deficits. We found that schools in deficit generally performed worse than schools in surplus. Financial management in schools must be strong for the Department to be assured that teaching and learning will continue to improve while schools make cost reductions.

3 The Department does not directly spend most of the funding voted to it by Parliament. Nevertheless, it must have an effective framework for gaining financial assurance to demonstrate to Parliament and the public that schools and local authorities are achieving value from the £34.1 billion funding provided for maintained schools in England in 2011-12. This report explores how the Department gains assurance on the financial management capacity and capability in maintained schools, through local authority oversight and intervention. This report examines:

- the information available to the Department about schools' financial management, and local authorities' monitoring systems and intervention;
- how the Department helps improve schools' financial management expertise; and
- the Department's and local authorities' arrangements to support good financial management and cost reduction in schools.

A summary of our methodology can be found in the Appendix.

¹ Comptroller and Auditor General, *Financial Management in the Department for Children, Schools and Families*, Session 2008-09, HC 267, National Audit Office, April 2009.

Key findings

Assurance on financial management

4 The Department's objective is for all schools to demonstrate strong financial management. The Department does not have a direct relationship with schools, and its role is limited in relation to schools' financial management. It relies on local authorities for oversight and intervention. The Department principally gains assurance on school spending through annual statements from local authority Chief Finance Officers, confirming the proper use of the Dedicated Schools Grant. The statement will be expanded from 2011-12 to include confirmation of the assurance provided by the local authority's system of audit for schools.

5 The Department has strengthened the framework providing assurance that schools secure value from their spending by publishing schools' expenditure data on its website. The Department links school expenditure data to demographic data and results, and expects that increased disclosure, and scrutiny by parents and the public, will drive improvements in financial management and performance.

6 The Department has reduced the administrative burden on schools and local authorities by requiring less detailed financial management self-assessment. The Department sets standards against which schools' financial management is assessed. In July 2011, the Department replaced the former Financial Management Standard in Schools with a shorter standard, the Schools Financial Value Standard. The new Standard contains fewer, more focused criteria for assessing financial management capability and also includes a new section on improving efficiency. In our view, the new Standard is overall an improvement on the previous Standard.

7 Local authorities do not publish systematic data to demonstrate how they are monitoring schools' financial management and intervening where necessary. Some elements of the framework involving independent scrutiny are ending, reducing the assurance that can be taken from it:

- Schools assess their own compliance with the new Schools Financial Value Standard, in contrast with the previous Standard where there was an element of independent validation.
- The Department has ended compulsory independent supervision of schools through School Improvement Partners.
- From January 2012, Ofsted's new inspection regime will no longer include a value-for-money assessment.
- Over a quarter of local authorities responding to our survey are planning to reduce internal audit coverage of schools in 2011-12, compared with 2010-11.

8 The Department has not concluded on the actions it will take if schools do not meet the financial management standards, nor if local authorities do not resolve serious financial difficulties in schools. Local authorities report annually to the Department on the number of schools which meet the standards. Ninety-two per cent of primary and secondary schools were compliant with the previous Standard, the Financial Management Standard in Schools, by the deadline of March 2010. The recent Committee of Public Accounts report *Accountability for Public Money*² emphasised the need for a framework that includes how a department should respond to financial failure.

9 Local authority capacity, and access to schools' financial information, are set to decrease. Forty-seven per cent of local authorities responding to our survey said that they did not have sufficient resources to monitor schools' financial management effectively. Furthermore, over a third of these are planning to reduce the amount of staff time spent on monitoring school finances. As more schools take up the opportunity of greater autonomy, for example, by buying financial services from the private sector, local authorities may have less access to schools' financial data.

10 The Department has not explored the causes and consequences of schools' deficits. The Department expects schools to clear deficits within three years, but between 1999-2000 and 2009-10, 2 per cent of primary schools and 10 per cent of secondary schools ran deficits for five or more consecutive years. At the end of 2009-10, 7 per cent of primary schools and 18 per cent of secondary schools were in deficit. The Department could further analyse the data it receives on schools' annual budgets and financial balances to identify and enquire into schools with long-standing deficits.

Schools' financial management capability

11 Schools' financial management capability has improved as more schools have employed or have had access to a school business manager with appropriate training. Since 2002, the Department has promoted the profession of school business management. Almost all secondary schools employ a school business manager. However, some 27 per cent of local authorities responding to our survey said that most of their primary schools had no access to one.

12 School business manager training courses provided by the National College for School Leadership (the National College) improve participants' financial management skills. While school business managers are not required to have a qualification, by May 2011, around 9,500 people had attended school business management courses leading to recognised qualifications. From April 2011, the Department reduced funding for these courses, and the National College introduced charges to recover some of the costs. To date, these changes have had no impact on the number of applications for the courses.

² HC Committee of Public Accounts, *Accountability for Public Money*, Twenty-eighth Report of Session 2010-11, HC 740, April 2011.

13 Most local authorities believe that their headteachers have the financial expertise necessary for their role, but many have no personal experience of leading a school during a period of financial constraint. The governing body and headteacher are responsible for the performance of a school. Eighty-five per cent of local authorities responding to our survey said that all or most of their headteachers had the necessary financial management expertise. Just 11 per cent stated that only a few of their schools had headteachers with this expertise.

14 Some 27 per cent of local authorities responding to our survey stated that a minority of their primary schools had governing bodies with sufficient financial expertise. The Department plans to improve this through the new Schools Financial Value Standard, through training for chairs of governors, and by making it easier for schools to select governors for their expertise.

Support to improve financial management

15 The annual time frame for determining funding makes it difficult for schools to set budgets and, where necessary, to plan to reduce costs. Maintained schools receive information on their annual funding only a few weeks before the new financial year. For 2011-12, schools received this information for that year only. The Department is proposing further reform of the schools' funding regime from 2013-14.

16 Many schools consider that they need to reduce staff costs, and need guidance on how to do so while maintaining high-quality education provision. The Department has historically focused on supporting schools to improve procurement and back-office functions. It expects schools collectively to achieve savings of £1 billion over the period 2011-12 to 2014-15 through reducing procurement and back-office costs. This equates to a 3 per cent decrease in schools' spending on these functions. However, a July 2011 survey of school governors indicated that many thought that their schools need to reduce staff costs over the next two years to meet budget constraints. In our surveys, schools and local authorities identified staff costs as the top area for saving money.

17 The Department encourages schools to identify savings by comparing their spending with that of similar schools through its schools' financial benchmarking website, but nearly half of all schools did not use this service in 2010-11. The website is potentially very beneficial, and the Department has plans to enhance it. However, the Department has not identified those local authorities and schools that are not using it.

18 The Department no longer provides certain direct support. In 2010, in line with its policy of increasing school autonomy, the Department stopped giving direct support for financial management and efficiency improvement, and began to influence schools' behaviour through guidance and signposting, for example, to good procurement contracts.

19 Some local authorities are reducing their capacity to monitor and support schools' financial management, at a time when some schools may need it most. This could result in poorer use of resources, and adversely affect school performance. Forty per cent of local authorities responding to our survey do not believe that they have sufficient resources to provide effective support to schools. Furthermore, almost half of these are planning to reduce the amount of staff time spent on support.

20 Local authority assessments of schools' progress in reducing costs are limited. Local authorities need to know how schools are achieving cost reductions and whether reductions will risk degrading school performance. Their support can then be better targeted. The Department is planning to undertake analysis of cost reductions in schools at the national level.

Conclusion

21 The Department is accountable to Parliament and the public for the proper management of the money given to schools. In the current financial environment, more schools are having to manage with reduced funding. Strong financial management in schools is more important than ever. The Department has set standards for financial management in maintained schools, and has a framework in place for gaining assurance which relies on local authority oversight of schools. The Department needs to know that this framework is meeting the intended objectives, and is capable of alerting it to systemic issues with schools' financial management that require action or intervention as they emerge.

Recommendations

22 The Department devolves the delivery of education to over 20,000 schools, supported by 152 local authorities. Our recommendations are designed to help meet the challenges of assuring effective financial management in the schools' system.

- a** **The production of the accountability systems statement³ provides an opportunity for the Department to communicate its approach to securing a coherent and effective system.** It should set out in the statement how it intends to review how the system is working, and whether any changes are needed as the financial risks to schools change over time.
- b** **Greater use of the information the Department receives on schools' finances would improve its oversight of financial management in the schools' sector.** Without adding to the information burden on schools and local authorities or challenging their autonomy, the Department should:
 - further analyse the financial information it already collects, for example, on surpluses, deficits and schools' spend, to better understand the actions local authorities and schools are taking and their consequences; and
 - use this analysis to inform the development of support for good financial management in local authorities and schools.
- c** **The Department has limited knowledge of how schools are using its financial benchmarking website.** Benchmarking is potentially a powerful tool for helping schools improve their financial management and make savings. The Department should:
 - systematically monitor the website's usage to identify those local authorities and schools that are not using it, and promote its use; and
 - promote the website as a tool to help the Department and local authorities to identify efficient schools which could serve as examples of good practice.
- d** **The Department accepts that it needs to strengthen its response where it has evidence that local authorities are not fulfilling some functions in relation to schools as well as they should.** The Department should:
 - establish what its response will be if any of a local authority's schools fail to meet the Schools Financial Value Standard by the set deadlines; and
 - develop contingency plans, and criteria for implementation, in case a local authority is ineffective in dealing with serious financial difficulties in its schools.

³ *Accountability – adapting to decentralisation*, Department for Communities and Local Government, September 2011, paragraphs 49-54.

Part One

Funding maintained schools

The Dedicated Schools Grant

1.1 In 2011-12, the Department for Education (the Department) allocated £34.1 billion of revenue funding for around 20,200 maintained schools in England through the Dedicated Schools Grant, accounting for around 70 per cent of the Department's annual spending. This funding is channelled to maintained schools through local authorities. Schools are responsible for using these funds, and the Department expects local authorities to oversee schools' financial management.

Trends in schools' budgets and balances

1.2 In the decade to 2009-10, schools received an average annual increase of nearly 5 per cent in per-pupil spending. Following the October 2010 Comprehensive Spending Review, the Department's budget for schools is to be maintained at a flat cash amount per pupil, to which the pupil premium will be added. The total budget for schools was planned to increase by 0.1 per cent in real terms in each year for the period 2011-12 to 2014-15.

1.3 This settlement was relatively generous, compared with many other areas of the public sector. However, the Department expects schools to save around £1 billion in back-office and procurement costs over the period 2011-12 to 2014-15 to reinvest into teaching and learning. In 2009-10, 28.5 per cent of the total schools' budget was spent on procurement and back-office costs (**Figure 1** overleaf). This proportion would need to reduce by 3 per cent (average £12,400 per school a year) to 27.8 per cent of total spending for schools to achieve the £1 billion saving. Schools will probably need to make further savings, as a subsequent increase in forecast inflation means the schools' budget will decrease slightly in real terms in 2011-12.

Figure 1

Primary and secondary schools' spending, 2009-10

Category	Primary		Secondary		Total	
	(£ bn)	(%)	(£ bn)	(%)	(£ bn)	(%)
Staff	11.2	67.6	11.0	65.3	22.1	66.5
Procurement and back office	4.6	28.1	4.9	29.0	9.5	28.5
Miscellaneous	0.7	4.3	1.0	5.7	1.7	5.0
					33.3	100

Source: National Audit Office analysis of schools' Consistent Financial Reporting returns data

1.4 The sum of all primary and secondary school balances⁴ rose from £682 million in 1999-2000 to nearly £1.76 billion in 2007-08, falling by £240 million to £1.52 billion by 2009-10 (**Figure 2**). Reduced school balances partly reflect the increasing number of schools in deficit⁵ – over 18 per cent of secondary and 7 per cent of primary schools at the end of 2009-10 (**Figure 3** on page 14). We found no significant differences between the size of secondary schools in deficit and those not in deficit. There was also no difference when considering the background of pupils, as represented by the number receiving free school meals. There has also been a fall in the number of primary and secondary schools with excessive surpluses (greater than 5 per cent of the current year's budget for secondary and 8 per cent for primary schools) from 10,513 (48.6 per cent) in 2001-02 to 5,443 (26.8 per cent) in 2009-10 (**Figure 4** on page 15).

Scope of this report

1.5 This report focuses on financial management in local authority maintained primary and secondary schools, which currently represent nearly 95 per cent of state-funded schools. It does not cover other types of local authority maintained schools, such as nursery or special schools, or academies which have a different financial management system. Unlike maintained schools, academies are independent of local authorities and are directly accountable to the Department. Academies are funded by the Young People's Learning Agency, a Non-Departmental Public Body accountable to Parliament and the Secretary of State for Education.

1.6 Following the Academies Act 2010, the Department opened up the Academies Programme to allow all schools to seek academy status. At 4 October 2011 there were 1,350 academies.

⁴ The total of unspent school revenue funds, less the total overspend of schools in deficit; excluding academies, special schools and nursery schools.

⁵ Schools that have spent more funding than they have been allocated.

Figure 2

Total net surplus for primary and secondary schools, 1999-2000 to 2009-10



● Primary schools	0.49	0.70	0.82	0.78	0.79	0.89	0.91	0.97	1.07	1.02	0.97
● Secondary schools	0.19	0.31	0.35	0.33	0.44	0.52	0.52	0.55	0.69	0.61	0.54
● Primary and secondary schools	0.68	1.01	1.17	1.11	1.23	1.41	1.43	1.52	1.76	1.63	1.52

NOTE

1 Totals may not sum exactly due to rounding.

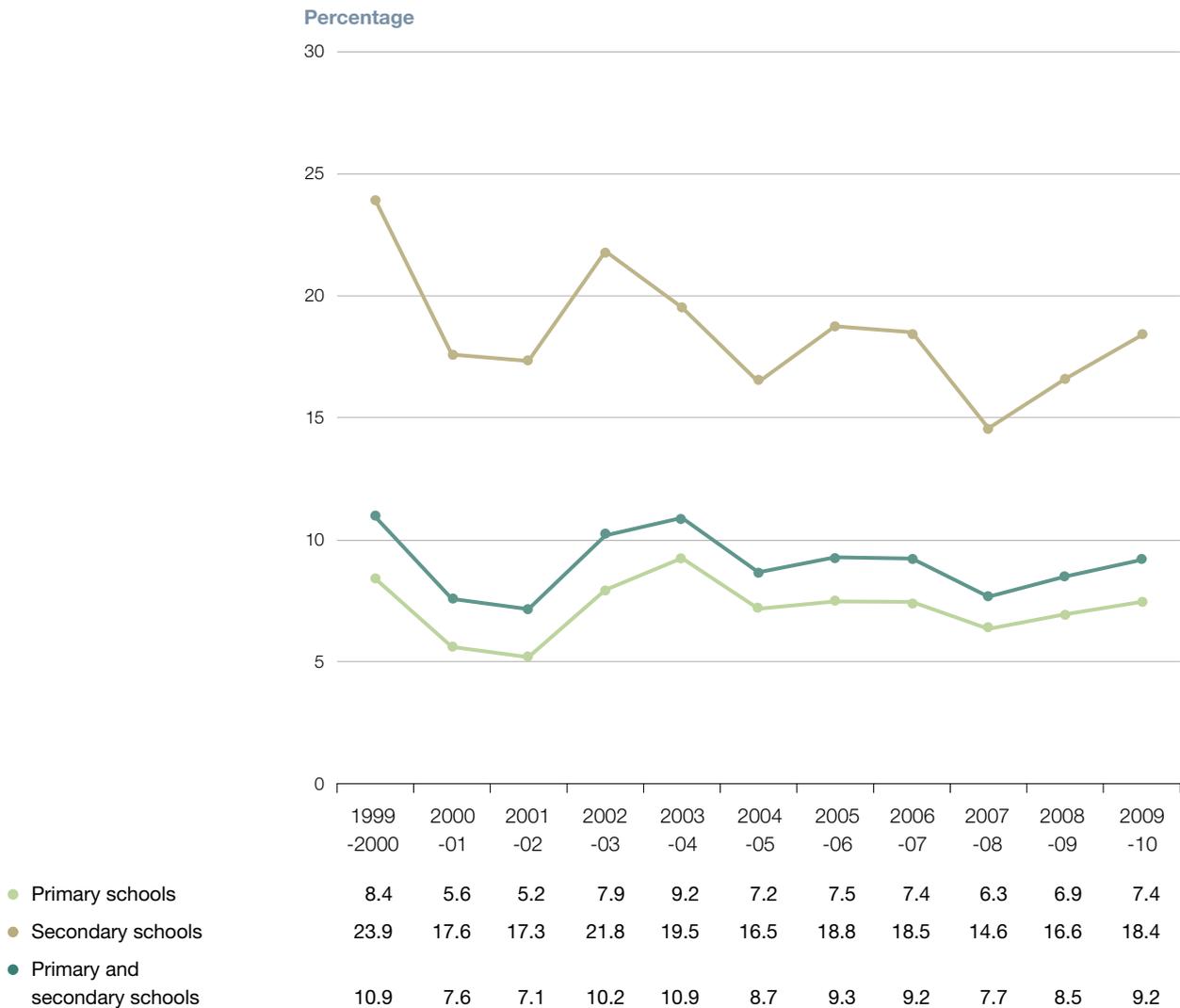
Source: National Audit Office analysis of Department for Education data

1.7 Academies have greater financial freedoms than maintained schools. With increasing numbers of maintained schools converting to academy status, it is important that their financial management capability is sufficient to cope with the additional financial responsibilities that come with academy status. Academies have been the subject of two previous National Audit Office reports.⁶ Our most recent report emphasised that the expansion of the Academies Programme will increase the scale of risks to value for money, particularly around financial sustainability, governance and management capacity.

⁶ Comptroller and Auditor General, *Department for Education and Skills, The Academies Programme, Session 2006-07*, HC 254, National Audit Office, February 2007. Comptroller and Auditor General, *Department for Education, The Academies Programme, Session 2010-11*, HC 288, National Audit Office, September 2010.

Figure 3

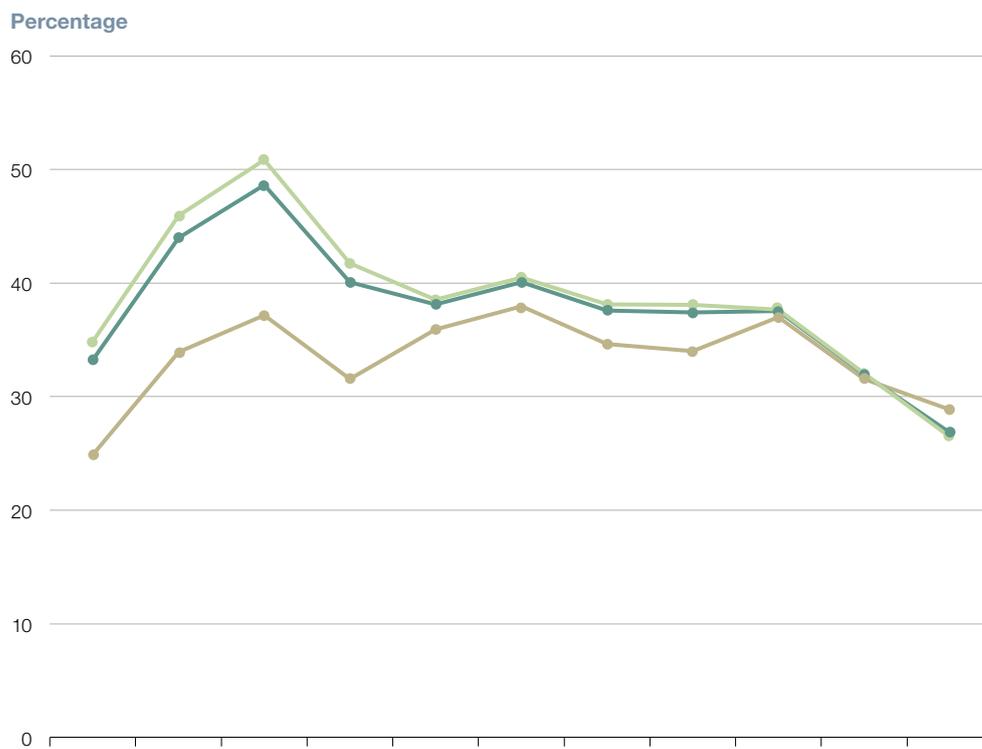
Proportions of primary and secondary schools in deficit, 1999-2000 to 2009-10



Source: National Audit Office analysis of Department for Education data

Figure 4

Proportions of primary and secondary schools with excessive surpluses, 1999-2000 to 2009-10



- Primary schools
- Secondary schools
- Primary and secondary schools

1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
34.8	46.0	50.9	41.7	38.5	40.5	38.1	38.1	37.6	32.1	26.4
24.9	33.9	37.2	31.6	35.9	38.0	34.6	34.0	37.0	31.5	28.8
33.2	44.0	48.6	40.1	38.1	40.1	37.6	37.4	37.5	32.0	26.8

NOTE

1 Excessive surpluses are greater than 5 per cent of the current year's budget for secondary schools, and 8 per cent for primary schools.

Source: National Audit Office analysis of Department for Education data

Part Two

Assurance on schools' financial management

2.1 Departmental Accounting Officers must have regard to the requirements set out in *Managing Public Money*⁷ in their stewardship of public funds, to ensure that money is spent with regularity, propriety and value for money. The principles set out in *Managing Public Money* apply when a department spends its funds directly and also when funds pass to other public bodies, as is the case with devolved funding systems. The principles are relevant to all public sector organisations, including local authorities and schools.

2.2 This Part examines how the Department gains assurance over schools' financial management, in particular through local authorities overseeing schools in their areas.

Statutory frameworks for performance and financial management in schools

2.3 The Secretary of State for Education has statutory powers to intervene in matters of school performance and quality, or require local authorities to do so. Over many years the Department has developed information to support monitoring and measuring of schools' performance and quality. The Department and local authorities provide support and expertise to schools. Where a poorly performing school does not improve, there are clear criteria for a graduated series of interventions, with local authorities taking initial actions and the Department intervening if necessary.

2.4 There are no corresponding powers relating to schools' financial management. Maintained schools fall within general local authority arrangements for financial assurance. Responsibility for financial management and achieving cost reductions lies with maintained schools themselves, with local authorities responsible for exercising effective oversight. The Department has, however, implemented a framework governing the financial relationship between local authorities and their schools. This includes guidance on the contents of the scheme for financing schools that each local authority is required to have in place. Each local authority also has more detailed financial regulations and procedures for schools' financial management. Local authorities can decide the content of these regulations and procedures, which must be consistent with the Department's framework.

⁷ HM Treasury, *Managing Public Money*, London: The Stationery Office, 2011.

2.5 Local authority Chief Finance Officers are required to submit an annual assurance statement to the Department confirming the deployment of the Dedicated Schools Grant in support of schools. From 2011-12, this statement will include specific confirmation that the local authority has a system of audit of schools that gives adequate assurance over their standards of financial management and the regularity and propriety of their spending. It will include details of the numbers of schools that have carried out the assessment of the new Schools Financial Value Standard (paragraph 2.9) and confirmation that these assessments will be taken into account in planning the local authority's programme of audit for schools. Local authorities are not required to provide evidence underpinning these annual statements.

Financial management standards

2.6 In 2006-07, the Department introduced compulsory financial standards for maintained schools, the Financial Management Standard in Schools. While all secondary schools were required to comply with the Standard by March 2007, its introduction was phased for primary, middle and special schools. For these latter schools, 40 per cent had to meet the Standard by March 2008, a further 40 per cent by March 2009, and the remaining 20 per cent by March 2010. Local authorities had to report to the Department annually on the number of schools meeting the Standard.

2.7 Ninety-two per cent of primary and secondary schools were compliant with the Standard by the March 2010 deadline, comprising 82 per cent which underwent an independent assessment and 10 per cent which undertook a self-assessment which was then reviewed by their local authority. In only 28 local authorities (18 per cent) were all primary and secondary schools compliant.

2.8 The Department did not require these remaining schools to meet the Standard, because in November 2010 it ended the requirement for all schools to comply. The Department announced plans to develop a simpler replacement, as the Standard had been criticised for containing too many criteria. The Standard was also criticised for focusing too much on processes rather than outcomes, and that demonstrating compliance was too burdensome, particularly for smaller primary schools.

2.9 In July 2011, the Department introduced a new Standard, the Schools Financial Value Standard, as the principal policy instrument to improve schools' financial management. It wants most schools to demonstrate compliance with the new Standard by March 2013, while those not compliant with the previous Standard will have to comply by March 2012. In our view, the new Standard is an improvement as it has fewer, more focused criteria for assessing financial management capability, is drafted in simpler language with supporting guidance which is easier to use, and includes new questions on improving efficiency (**Figure 5** overleaf).

Figure 5
Comparison of school financial standards

	Financial Management Standard in Schools	Schools Financial Value Standard
Number of questions	102	23
Sections (with contents)	<p>1 Leadership and governance</p> <ul style="list-style-type: none"> ● Roles and responsibilities ● Whistle-blowing ● Governance ● Statement of Internal Control <p>2 People management</p> <ul style="list-style-type: none"> ● Skills and expertise of governors and staff <p>3 Policy and strategy</p> <ul style="list-style-type: none"> ● Budgeting ● Benchmarking <p>4 Partnerships and resources</p> <ul style="list-style-type: none"> ● Relationship with the local authority ● Procurement <p>5 Processes</p> <ul style="list-style-type: none"> ● Financial reporting to governors, the local authority and the Department ● Financial regulations and procedures ● Accounting records ● Financial controls 	<p>a Governing body and school staff</p> <ul style="list-style-type: none"> ● Skills and expertise of governors and staff ● Roles and responsibilities ● Governing body monitoring <p>b Setting the budget</p> <p>c Value for money</p> <ul style="list-style-type: none"> ● Benchmarking ● Procurement ● Management of school balances <p>d Protecting public money</p> <ul style="list-style-type: none"> ● Fraud and whistle-blowing ● Audit ● Continuity planning

Source: National Audit Office review of Department for Education documents

2.10 Schools must complete an annual self-assessment against the new Standard and return it to their local authority, which is required to take the assessment into account when determining its internal audit programme for schools. Local authorities must report annually to the Department on how many schools have carried out the self-assessment (paragraph 2.5). This requirement differs from the previous Standard whereby schools demonstrated compliance either through a self-assessment that was subject to review by the local authority, or through an independent assessment by the local authority's internal audit function or accredited third party. Once a school had demonstrated compliance, it was expected to update the assessment itself each year. Although the Department's consultation showed support for the new Standard, we and others have expressed concern that an independent validation of schools' self-assessments is no longer expected.

Local authorities' oversight of, and intervention in, schools' financial management

2.11 Our surveys of local authorities and schools showed that, in line with the Department's framework, local authorities typically oversee reviews of schools' proposed budgets, year-end financial data, and periodic internal audits (**Figure 6**). Most local authorities gain some or most of their assurance on school spending from internal audit work and from reviews of schools' budgeted and year-end figures.

Figure 6
Local authority monitoring of schools' financial management

	Extent of reliance by local authority		
	To a great extent (%)	To some extent (%)	Not at all (%)
Review of annual budgets	83	17	0
Internal audits	57	37	7
Scrutiny of:			
Monthly in-year income and expenditure figures	26	37	37
Quarterly in-year income and expenditure figures	47	33	20
Half-yearly in-year income and expenditure figures	33	41	26
Year-end income and expenditure figures	70	25	5

NOTES

1 Totals may not sum to 100 per cent due to rounding.

2 Survey response rate – 40 per cent.

Source: National Audit Office survey of local authorities

2.12 While schools' budgets have been relatively protected, other areas of local authority spending, including overseeing financial management in schools, are being reduced. Most local authorities responding to our survey were not planning to reduce the extent of their monitoring; however, more than 28 per cent had planned for reduced internal audit coverage in 2011-12, compared with the previous year. Forty-seven per cent said that they did not have sufficient resources to monitor schools effectively. Nevertheless, over a third of these were planning on reducing staff time spent on monitoring.

2.13 Schools have increasingly been encouraged to act more autonomously in their financial decisions. Using their freedoms effectively can bring benefits, for example, in purchasing services such as payroll more cheaply from alternative providers. Where schools reduce their use of local authority services, the local authority will, however, have less ready access to schools' financial data that could provide an early indication of schools getting into financial difficulty.

2.14 Where a local authority identifies and needs to address poor financial management in a school, it can either:

- claw back funds where the problem is an issue of excess surplus held by a school;
- agree a plan to recover a deficit within three years;
- issue a notice of financial concern; and
- withdraw a school's right to a delegated budget.

2.15 While the Department provides some guidance, local authorities can decide how these options are put into effect. For example, a local authority can withdraw a school's right to a delegated budget where it substantially or persistently breaches the provisions of the local authority's scheme for financing schools, or has not managed its budget satisfactorily. The local authority must decide when this has occurred, or whether the lesser sanction of the issue of a notice of financial concern is more appropriate.

2.16 Our 2009 report examining financial management in the then Department for Children, Schools and Families⁸ found that schools with deficits generally performed worse than schools with surpluses, based on Ofsted's judgement of the overall effectiveness of the school. A significantly smaller proportion of schools with deficits obtained an 'outstanding' or 'good' grade, while a significantly greater proportion of schools with deficits obtained 'satisfactory' and 'inadequate' grades. This association underscores our view that the Department should check that local authorities are taking appropriate action where indicators suggest that a school's financial management is poor.

⁸ Comptroller and Auditor General, *Financial Management in the Department for Children, Schools and Families*, Session 2008-09, HC 267, National Audit Office, April 2009.

2.17 Our survey of local authorities showed that most had intervened in response to poor financial management in at least one of their schools in the past 12 months (**Figure 7**). A very small number of schools had had their delegated budgets removed. A larger number had been given a financial warning notice, though still only around one-fifth of local authorities had issued a notice to at least one of their schools. Deficit recovery plans were more common, with only a minority of local authorities having no school with a plan.

2.18 We also found that some local authorities had not intervened but had, for example, allowed long-standing deficits in their schools. According to the Department, schools should clear any deficits within a maximum of three years. Even so:

- between 1999-2000 and 2009-10, 2.4 per cent of primary and 9.6 per cent of secondary schools ran deficits for five or more consecutive years;
- over the same period, 146 out of 152 local authorities had at least one school in deficit for three or more consecutive years (1,941 out of approximately 21,000 schools; around 10 per cent of all schools);
- for nearly 600 schools that had been in deficit for three consecutive years in 2009-10, 284 moved into a financial position in 2009-10 that was on average £70,000 worse than that which they moved into in 2008-09; and
- 16 primary and 20 secondary schools in 24 local authorities had been in deficit in each year between 1999-2000 and 2009-10. One local authority had seven schools in deficit during this period: four primary and three secondary.

Figure 7

Proportions of local authorities intervening to address poor financial management in schools in the 12 months to July 2011, by type of intervention

	Clawback of excess surplus		Deficit recovery plan		Issue of financial warning notice		Removal of delegated budget	
	Primary (%)	Secondary (%)	Primary (%)	Secondary (%)	Primary (%)	Secondary (%)	Primary (%)	Secondary (%)
No schools	62	85	35	15	75	82	90	93
One school	7	8	13	32	13	12	2	2
Two schools	12	0	5	18	5	2	3	2
Three schools	5	0	5	10	2	0	2	2
Four schools	3	2	12	8	2	0	2	0
Five or more schools	11	5	30	17	3	4	1	1

NOTE

1 Survey response rate – 40 per cent.

Source: National Audit Office survey of local authorities

Independent oversight

2.19 In addition to local authorities' internal audit reviews of schools (paragraphs 2.11 and 2.12), there were until recently three mechanisms providing independent scrutiny of schools' financial management:

- Experienced education practitioners appointed as School Improvement Partners, to help schools improve performance, and to notify the local authority if a school had significant budget problems and no realistic recovery plan.
- The inclusion of elements of independent validation in the Financial Management Standard in Schools process (paragraph 2.10).
- When inspecting a school Ofsted assessed how well schools had used resources to achieve value for money.

2.20 In practice, the Department took little assurance from Ofsted and School Improvement Partners because, according to feedback from local authorities and schools, finance was not their primary expertise. Despite this, according to our survey, most local authorities took at least some assurance from these judgements (**Figure 8**).

Figure 8

Extent of local authority reliance on independent review of financial management in schools

	Extent of reliance by local authority		
	To a great extent (%)	To some extent (%)	Not at all (%)
Internal audits	57	37	7
Financial Management Standard in Schools returns	42	53	5
School Improvement Partner feedback	17	58	25
Review of Ofsted reports	10	56	34

NOTES

1 Totals may not sum to 100 per cent due to rounding.

2 Survey response rate – 40 per cent.

Source: National Audit Office survey of local authorities

2.21 To help reduce the administrative burden for schools, from April 2011, local authorities do not have to appoint School Improvement Partners. Local authorities and schools can, however, continue to do so if they wish. From January 2012, Ofsted's new inspection regime will no longer include a value-for-money assessment. As explained in paragraph 2.10, the new Schools Financial Value Standard, introduced in July 2011, does not involve independent validation.

2.22 The Department expects that increased disclosure of financial data will prompt schools to recognise the importance of good financial management as they become increasingly accountable. In January 2011, it published for the first time how much money every school in England received and spent per pupil in 2009-10 across a range of categories. In August 2011, it published this spending data with contextual information on individual schools' performance, pupil cohort and Ofsted judgements on a portal that is searchable by postcode.

Information provided to the Department on oversight and intervention

2.23 As funding for many schools becomes tighter, more schools may incur a deficit, and numbers of schools that individual local authorities need to support may move beyond their capacity to do so. Financial difficulties could affect academic performance as schools struggle to contain costs, and then make inappropriate cost reductions that adversely impact on the quality of provision.

2.24 Currently the Department receives year-end data on how each local authority has used the Dedicated Schools Grant, how much each school received and spent during the year, and its balances at the year end. In addition to publishing the data, the Department has undertaken analysis, for example, publishing, in January 2011, an analysis of spending per pupil on different categories of expenditure in groups of similar schools.⁹

2.25 In terms of local authorities' monitoring of their schools' financial management, local authority Chief Finance Officers must give the Department an annual statement confirming that the Dedicated Schools Grant was used fully to support schools (paragraph 2.5). They do not provide supporting evidence of how they fulfil the monitoring, such as the resources and arrangements for auditing schools in their area. The Department has not undertaken or commissioned research into the causes and consequences of school deficits.

2.26 The Department has begun to review its approach to intervening where local authorities have increasing numbers of schools in deficit and are not taking appropriate action. It is unclear at present what position the Department will take if there is financial failure across a local authority, but as part of its review the Department is proposing a protocol that would clarify the respective roles of the Department and the relevant local authority.

⁹ Department for Education, *Improving efficiency in schools*, January 2011.

Part Three

Improving schools' financial management expertise

3.1 This Part examines how the Department has encouraged the improvement of the financial expertise of those responsible for financial management in schools: school business managers, headteachers and governors.

School business managers

3.2 Since 2002, the Department has promoted the engagement of qualified school business managers in schools. A key aim has been for them to lead in managing a school's finances, though in practice schools have used school business managers to varying degrees. The role can range from routine financial management, through wider aspects of business management (for example, procurement, facilities management, human resources), to strategic financial planning and membership of the school's senior management team.

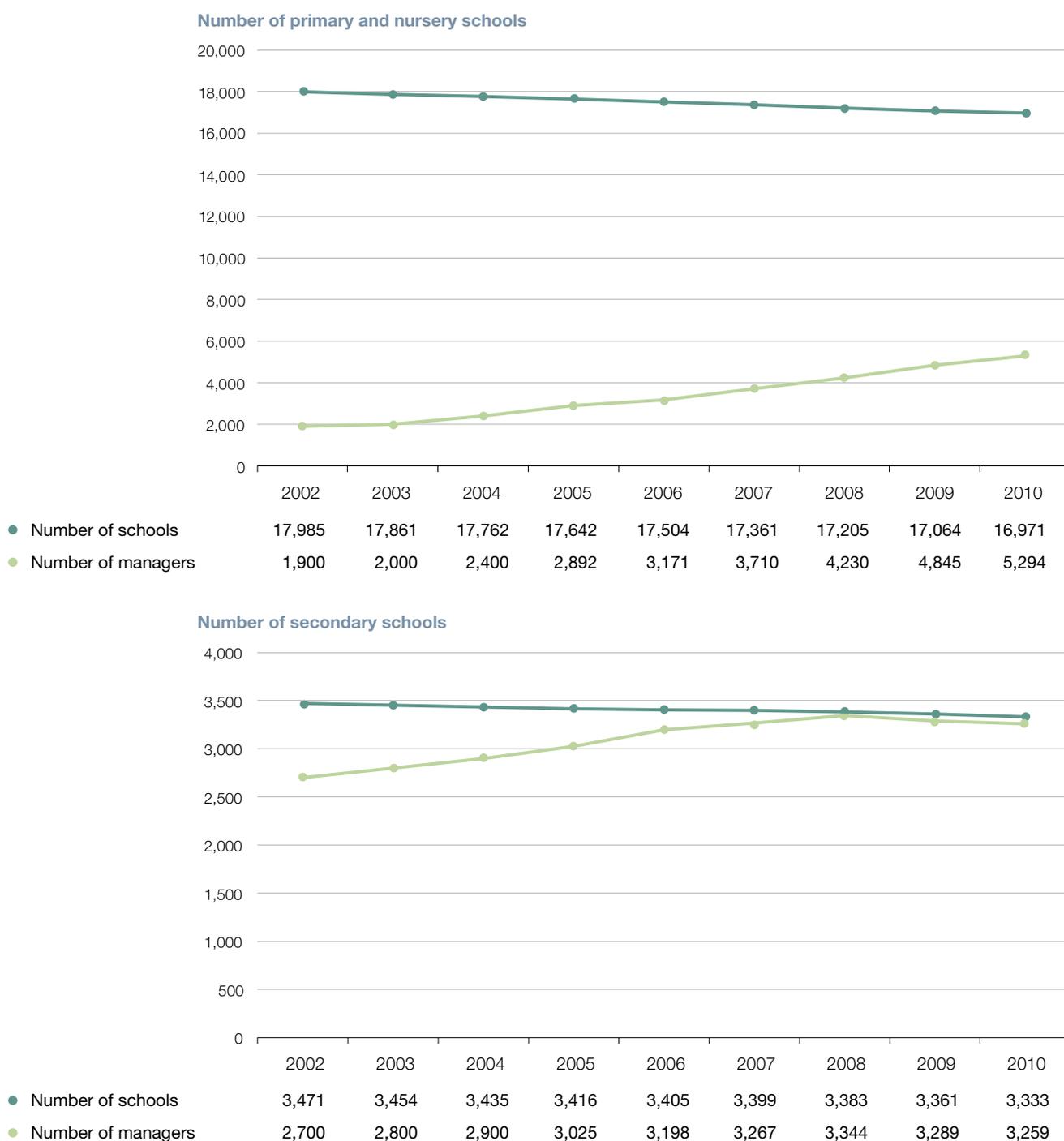
3.3 Almost all secondary schools employ their own school business manager, and the numbers have been rising – since 2002, numbers have increased across secondary schools by more than 20 per cent from 2,700 to nearly 3,300 (**Figure 9**).

3.4 As at 2010, there was still less than one school business manager for every three primary schools, though numbers have been rising – increasing almost threefold from nearly 1,900 in 2002 to nearly 5,300 in 2010. Many primary schools depend on their local authorities for financial management, with 22 per cent of local authorities responding to our survey stating that most of their primary schools bought school business management services from them. Twenty-seven per cent of local authorities said that most of their primary schools have no access to a school business manager.

3.5 The Department has promoted sharing school business managers across more than one primary school. In 2008-09, it funded the National College for School Leadership (the National College) to deliver projects to demonstrate the benefits of school business managers and encourage their use. In 2010-11, it funded the Primary Partnerships Programme, which promoted sharing school business managers across primary schools. Across 100 local authorities, 189 clusters of predominantly primary schools were created, covering 1,260 schools in total. The funding was used to partially meet the costs of employing a school business manager in each cluster for one year. Of schools taking part, 95 per cent reported that employing a school business manager had saved headteacher time, while 92 per cent reported positive impacts on cost saving and income generation.

Figure 9

Numbers of full-time-equivalent school business managers in nursery and primary, and secondary schools, 2002 to 2010

**NOTE**

1 The School Workforce Census does not disclose the numbers of school business managers in nursery and primary schools separately.

Source: National Audit Office analysis of the Department for Education's School Workforce Census and School Census

3.6 From 2011-12, the Department stopped funding projects that directly support sharing school business managers. In future it will place greater reliance on school-led initiatives, through its Specialist Leaders of Education programme, to promote school business managers. This programme is currently being developed and aims to encourage high-performing staff in senior and middle management, including school business managers, to help colleagues in other schools.

3.7 The Department has also promoted the school business manager role as a more established profession. From 2003, it funded a programme of free courses from the National College that led to recognised qualifications (**Figure 10**). It sponsored a school business management competency framework by the College and the National Association of School Business Management. Since 2003, almost 9,500 people have attended these courses at a total cost of £32 million. Feedback has been positive with, for example, over 80 per cent of those attending the Certificate of School Business Management course stating that it had improved financial management in their school.

Figure 10 School business management courses

Certificate of School Business Management

Introduced in April 2003, for practising school business managers, including recent appointees and those in school administration roles. It covers:

- facilities management;
- risk management;
- human resources;
- financial management;
- office systems;
- ICT management; and
- project management.

By May 2011, 9,230 people had completed the course.

Diploma of School Business Management

Introduced in November 2004, for experienced school business managers and managers from outside education wanting to work in schools. It focuses on strategic business leadership skills and whole school management. By May 2011, 1,949 people had completed the course.

Advanced Diploma of School Business Management

Introduced in January 2010, it aims to help managers make enhanced contributions in more complex settings, such as schools' federations and trusts. It focuses on the whole school senior leadership role. By May 2011, 158 people had completed the course.

School Business Director

Introduced in 2011, for 40 to 50 school business managers a year. Focuses on the skills needed to work at a senior level in larger, more complex groups of schools and across school boundaries.

Source: National Audit Office review of National College documents

3.8 From 2011-12, the Department has reduced funding for these courses, and the National College has introduced charges of between £300 and £400 per participant, depending on the course. As at July 2011, these charges had not led to a drop in applications. The College is moving from delivering these courses itself to licensing delivery by local bodies, such as the proposed new teaching schools, and making courses available online.

3.9 Individual schools decide whether to employ a school business manager with appropriate qualifications. The Department does not require schools to do so. Our survey showed that only 2 per cent of local authorities require school business managers to have appropriate qualifications. There are no routine data available on the numbers of practising school business managers and the qualifications they hold. An Audit Commission survey of members of the National Association of School Business Management in January 2011 found that over 80 per cent had a school business management or relevant financial qualification. However, these members account for less than 15 per cent of all school business managers currently employed.

Headteachers

3.10 Headteachers are responsible for managing schools' finances. In primary schools, which have less access to school business managers (paragraph 3.4), headteachers are more likely to undertake financial management themselves. Many headteachers have no experience of working as a headteacher during a period of financial constraint and may be unprepared for the challenges of reducing costs. Our survey of local authorities identified one of the main barriers to effective cost reduction as headteachers being unwilling to change schools' practices and structures.

3.11 There is no national data source on the financial expertise of headteachers, though 85 per cent of local authorities responding to our survey said that all or most of their schools had headteachers with the necessary expertise (**Figure 11** overleaf). A minority, at 11 per cent, considered that only a few of their schools had headteachers with this expertise.

3.12 The National Professional Qualification for Headship has been mandatory training for all new headteachers working in maintained schools and non-maintained special schools since 2004. It includes optional modules on financial management. Not all those who have obtained the qualification have taken these modules, as participants only take parts of the course to address their specific training needs. Since 2009, over 5,000 prospective headteachers have taken the qualification's main financial management module. Those achieving the qualification are supported under the Head Start programme for their first two years as a new headteacher, which includes financial management support.

3.13 The National College has regularly revised the qualification, including its financial management modules, to reflect developments, such as increasing school autonomy. In July 2011, the National College started another review to reflect the November 2010 White Paper, *The Importance of Teaching*. It aims to have the revised qualification ready from January 2012.

Figure 11

Local authority assessments of headteachers' financial management expertise

	Extent of sufficient financial expertise				
	All schools (%)	Most schools (%)	Few schools (%)	No schools (%)	Don't know (%)
Maintained primary schools	5	77	13	0	5
Maintained secondary schools	7	81	9	0	3
Total	6	79	11	0	4

NOTE

1 Survey response rate – 40 per cent.

*Source: National Audit Office survey of local authorities***Governors**

3.14 Governors support schools' financial management through strategic oversight. Their importance and influence are likely to increase as schools become more autonomous. The Department has recognised the importance of the support and challenge provided by governors. It expects governors to ensure that their schools properly complete the self-assessment against the new Schools Financial Value Standard.

3.15 We nevertheless found widespread concern about the extent to which governors, particularly in primary schools, have the necessary financial expertise to fully support and challenge their schools. Twenty-seven per cent of respondents to our survey of local authorities thought that only a few of their primary schools had governing bodies with sufficient financial expertise. Some primary schools replying to our online survey considered that their governing body could benefit from improved expertise.

3.16 The Department plans to support governing bodies' financial expertise through new training for chairs of governors that includes a discretionary module on financial management. It has also funded the National College to develop a programme for high-performing chairs of governors to mentor other chairs. It plans to amend the regulations covering the make-up of school governing bodies to make it easier to select governors on the basis of their expertise, and has made the new Schools Financial Value Standard easier for governors to use (paragraph 2.9).

Part Four

Support for effective financial management and cost reduction

4.1 This Part examines the framework for supporting schools to improve their financial management and reduce costs, to remain within budget while maintaining or improving performance and quality.

Impact of arrangements for funding on schools' budget planning

4.2 The arrangements for funding schools are complex. The Department allocates funding to local authorities using a national allocation mechanism, and local authorities pass the money to schools using local formulae. The amount of funding individual schools receive varies widely, with per-pupil allocations to local authorities ranging between £4,429 and £8,051 in 2011-12. The impact on individual schools of changes to funding varies considerably. In recent years most have benefited from an increase in per-pupil funding, though in the four years to 2011-12, an increasing minority of schools received a lower amount of funding per pupil (**Figure 12** overleaf).

4.3 Given the potential variability in funding, schools should ideally know about their likely funding for the coming year, so they can plan for effective use of resources. However, complex funding arrangements mean that schools receive information on funding allocations only a few weeks before the start of the financial year.

4.4 From 2008-09 to 2010-11 for the first time, local authorities and schools received information on their likely funding allocations for the three-year period, giving greater predictability. For 2011-12, they received information on their 2011-12 funding allocations only. The Department has to achieve a balance between stability and simplicity in funding, and the need to change distribution in response to changing needs. From 2011-12, separate grants were merged into the Dedicated Schools Grant. The uncertainty for school budgets is set to continue since, at July 2011, the Department was consulting on proposed changes to the formula for allocating funds to local authorities. In our recent report on *Formula funding of local public services*¹⁰ we agreed with the Department's rationale that current arrangements are unresponsive to changing needs. The new funding system is unlikely to start until 2013-14.

¹⁰ Comptroller and Auditor General, *Cross-government landscape review, Formula funding of local public services*, Session 2010-12, HC 1090, National Audit Office, July 2011.

Figure 12
Annual changes in per-pupil funding

	2007-08 (%)	2008-09 (%)	2009-10 (%)	2010-11 (%)	2011-12 (%)
Proportion of primary schools facing a:					
• Decrease	5	12	13	13	26
• Increase of up to 2.5 per cent	6	19	24	22	14
• Increase of 2.5 per cent to 5 per cent	15	29	34	32	19
• Increase of 5 per cent and over	74	40	29	33	41
Proportion of secondary schools facing a:					
• Decrease	3	7	7	8	12
• Increase of up to 2.5 per cent	3	17	28	26	23
• Increase of 2.5 per cent to 5 per cent	11	37	41	38	29
• Increase of 5 per cent and over	83	39	24	28	36

NOTE

1 Figures represent annual changes in per-pupil funding (budget share and other grants), in cash terms.

Source: National Audit Office analysis of local authority section 251 returns

Direct support from the Department

4.5 Previously, maintained schools could access support from the Department outlined in **Figure 13**, to help improve value for money and/or reduce costs. In 2010, in line with its policy of promoting greater school autonomy, the Department changed its approach, instead influencing schools by giving guidance, and signposting to suitable commercial deals or support from other organisations. It therefore ended, or signalled the end of, some elements of support where feedback had been mixed, while promoting others (Figure 13).

4.6 In January 2011, the Department set up a programme to deliver its new approach to providing support. It has drawn up a plan and established a board to oversee implementation.

Figure 13

Departmental support for schools to improve value for money and reduce costs

Type of support	Previous practice	Current practice and planned developments
Direct support		
VFM consultancy	Free value-for-money consultancy started in April 2008, under which schools received visits from consultants. Feedback from schools using this service was mixed.	Terminated in November 2010.
Educational Procurement Centre	Established following 2004 Gershon Review, regional school procurement partners worked with schools to provide skills, tools and support to procure more efficiently. Feedback from schools was mixed. Online e-learning, BuyWays, provided an introduction to procurement.	School procurement partners ended in March 2011. BuyWays remains available, and the Department plans to redevelop it to offer a range of other resources, including five minute 'webisodes' and a discussion forum.
E-procurement	From 2009, the Department offered Online Procurement for Educational Needs (OPEN), to simplify and speed up buying goods and services. It was run for the Department by ProcServe and populated with existing contracts that schools could buy into.	The Department terminated funding in March 2011, but ProcServe continues to provide OPEN independently, for which schools pay directly. The Department's website also refers schools to other joint public sector procurement frameworks.
Guidance and indirect support		
Departmental guidance	The Department made a range of guidance available to schools on its website including <i>Best Value in Schools</i> (2002) and <i>Securing our future: using our resources well</i> (2009).	Schools can continue to access guidance on procurement, strategic management, collaboration, leadership, and governance. The Department published <i>Efficiency and Value for Money in schools</i> and <i>Procurement for Schools</i> in January 2011. Suggestions for improving efficiency include: <ul style="list-style-type: none"> <li data-bbox="884 1391 1238 1413">● using school business managers; <li data-bbox="884 1435 1299 1458">● improving deployment of the workforce; <li data-bbox="884 1480 1426 1536">● using the Schools Financial Benchmarking website to compare spending; <li data-bbox="884 1559 1465 1581">● using the joint public-sector procurement frameworks; and <li data-bbox="884 1603 1398 1626">● working with other schools to get larger discounts. <p data-bbox="884 1648 1469 1760">The website provides links to good deals, such as for energy and insurance, which the Department is either aware of or has itself negotiated. The Department intends to develop more online procurement tools and good practice examples.</p>
School Recruitment Service	In September 2009, the Department established the School Recruitment Service offering online support to improve recruitment and match candidates with vacancies.	The Service will continue to be available until May 2012, when the Service and associated website will close down. The Department is promoting the Managed Service for Temporary Agency Resource, a national framework contract for local authorities and schools to source temporary staff, which the Cabinet Office launched in April 2011.

Source: National Audit Office review of Department for Education documents

4.7 Much of the support provided by the Department has focused on improving schools' procurement and back-office functions. It is expecting schools to collectively achieve savings of £1 billion over the period 2011-12 to 2014-15 from improved procurement and better allocation of back-office resources.

4.8 In contrast, less support has been focused on staff costs. Local authorities and schools identified these costs, which accounted for 67 per cent of all schools' revenue expenditure in 2009-10 (Figure 1), as a prime area for saving money. A July 2011 survey of governors showed that 68 per cent felt that their school will need to reduce staff spending over the next two years, and schools themselves are asking for, and would benefit from, more guidance and tools to help manage workforce costs. The Managed Service for Temporary Agency Resource framework contract, launched in April 2011, provides support to schools to reduce costs through improving the management of their workforce (Figure 13).

Benchmarking of schools' income and expenditure

4.9 Since 2003, the Department has provided a financial benchmarking website to help schools compare their income and spending with other similar schools. It has promoted the website to help schools improve their financial management and achieve cost reductions. The data source for the benchmark is annual returns of schools' financial information, so the most recent benchmark data is at least one year old. However, it is still valid for comparing school trends. A key strength of the website is that it helps schools compare income and spending with that of other schools with similar characteristics. The website is functional and user-friendly, and could potentially yield large benefits if used to its full extent.

4.10 Although the Department has usage data, it has not analysed it to identify and approach local authorities where schools are not using the benchmarking tool. Our analysis indicated that many schools use the benchmarking tool infrequently or not at all (**Figure 14**) – just half of maintained schools logged in at least once between April 2010 and June 2011. The Department has not analysed the cost data contained on the website to identify those schools with good results and low costs which could be examples of good practice.

4.11 The Department plans to upgrade the website during 2013. However, the website will become less useful as more schools convert to academy status, since income and spending data from academies is not included.

Local authority support of financial management and cost reduction

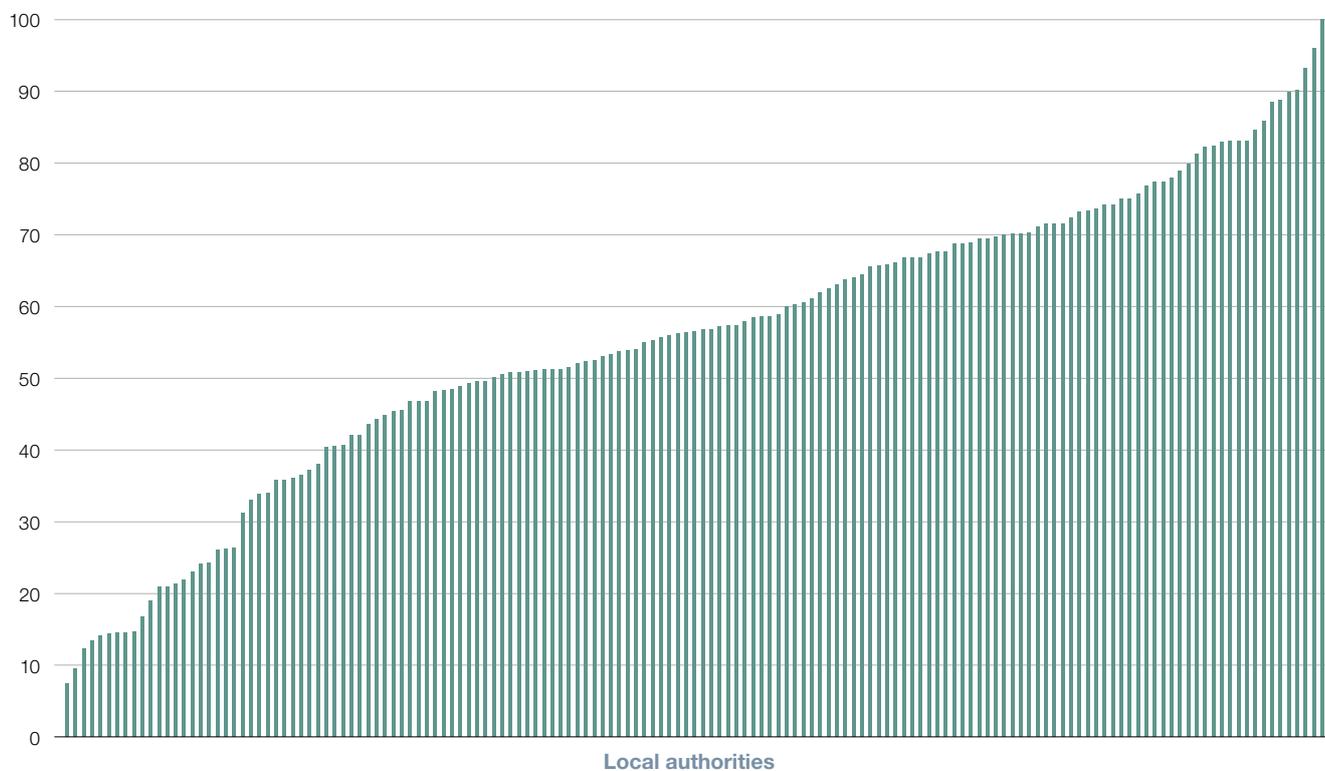
4.12 Our surveys of local authorities and schools showed that the main forms of local authority support, for financial management and cost reduction in schools, are:

- providing training for staff and governors;
- providing financial expertise to help with a particular problem;
- providing general financial advice;
- supporting improved procurement;
- encouraging school collaboration; and
- facilitating networking and knowledge sharing between schools.

Figure 14

Proportions of maintained schools in local authorities accessing the Department's Schools Financial Benchmarking website

Percentage of primary and secondary schools



NOTE

1 Bars refer to proportions of schools in each local authority that logged on to the website at least once between April 2010 and June 2011.

Source: National Audit Office analysis of Department for Education data

4.13 Our survey of local authorities showed that some schools are likely to be receiving insufficient support from their local authority and some may experience further reductions in future:

- Forty per cent of local authorities believe that they do not have sufficient resources to provide effective support.
- Almost half of these are planning to reduce the amount of time their staff spend providing support owing to budget reductions.

Eight of the fifteen schools replying to our online survey were also expecting a reduction in local authority support.

4.14 Local authorities also support schools in financial difficulties. For example, local authorities can offset an individual school's deficit against other schools' surpluses. Some local authorities also earmark part of their Dedicated Schools Grant to help schools in financial difficulty, using loans to support them through the period of deficit recovery. Funds reserved by local authorities for this purpose are increasing (**Figure 15**).

Measuring the impact of cost reduction

4.15 We found no evidence of local authorities developing systematic approaches to measuring schools' costs reductions and their impact on the education provided. There is therefore a risk that it will not be clear which schools are achieving cost reductions or how, and what the impact will be.

4.16 The Department is developing a Data Envelopment Analysis model to measure total cost reduction across all schools, as its own measurement of cost reduction. This modelling involves comparing outputs achieved against the inputs used to achieve them. The Department has already used this method to monitor cost savings in schools under earlier efficiency programmes. The Department intends to use this model to monitor cost performance in the sector. The model will also enable it to identify individual schools which are particularly efficient or inefficient. Analysis of the benchmarking site's cost data (paragraph 4.10) would then enable the identification of those areas of expenditure where these schools were most efficient or inefficient.

Figure 15
Extent of local authority provision for schools in financial difficulty

	2008-09	2009-10	2010-11	2011-12
Funds earmarked for assisting schools	£18m	£19m	£23m	£25m
Number of local authorities earmarking funds	44	46	47	37

Source: National Audit Office analysis of local authority section 251 returns

Appendix

Methodology

Method

1 Interview evidence

We spoke with staff from:

- the Department for Education;
- the National College for School Leadership;
- the Department's reference groups of primary and secondary headteachers;
- the National Governors' Association;
- the National Association of School Business Management; and
- the Local Government Association.

2 Document and literature review

We reviewed Departmental documents, minutes of meetings, published guidance, and independent research on financial management in the schools sector from bodies such as Ofsted and the Audit Commission.

3 Survey of local authorities

We surveyed Chief Finance Officers in each local authority in England with responsibility for education and achieved a 40 per cent response. Local authorities from London, the South-East and the South-West were slightly under-represented. Responses were evenly spread by type of local authority and urban/rural split.

Purpose

To understand how schools managed their finances, local authorities exercised oversight, and the Department sought assurance and provided support.

To generate quantitative and qualitative data on:

- financial capability within schools and local authorities;
 - local authority support to, and monitoring of, schools' financial management; and
 - action taken to address poor financial performance.
-

Method	Purpose
<p>4 Data analysis</p> <p>We analysed data held by the Department on:</p> <ul style="list-style-type: none"> ● schools' income and expenditure and schools' year-end balances; ● composition of the school workforce, including the number of school business managers; ● schools' compliance with the Financial Management Standard in Schools; and ● local authority use of the Dedicated Schools Grant. <p>We examined National College data on the take-up of school business management courses.</p>	<p>To assess aspects of the school sector's financial health, capacity and performance.</p>
<p>5 Online survey of schools</p> <p>We posted an online survey for schools on the Department's Frontline Forum of 300 schools, which it uses to gather feedback from people working in schools and local authorities. Ten primary and five secondary schools responded.</p>	<p>To understand the issues schools and local authorities face in delivering financial management and structured cost reduction.</p>
<p>6 Case studies</p> <p>We met with staff at Manchester and West Sussex local authorities and visited a primary and a secondary school in each local authority.</p>	



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