



Education
Funding
Agency

A Guide to Academy Value for Money Statements

For academy accounting officers

August 2013

A guide to academy value for money statements

What do accounting officers have to do, and by when?

Academy trust accounting officers are required to complete and sign a **value for money statement** in respect of the period ended 31 August each year.

The purpose of the statement is to provide accounting officers with an opportunity to demonstrate to parents and the public that the academy trust's use of public assets and funds has provided good value for money during the year and to identify opportunities for potential improvement.

The value for money statement must be submitted as a signed and scanned pdf file to the EFA at AcademiesFinancialMonitoring.EFA@education.gsi.gov.uk by 31 December. It must also be published on the academy trust's website within one month of submission to the EFA.

The statement does not need to be audited by the academy trust's external auditor.

This guide gives information about some of the issues that accounting officers should consider when making their statement.

What is value for money?

Value for money is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge.

What is the role of the accounting officer in this context?

Accounting officers are personally responsible and publicly accountable for achieving the best possible value for money in their organisation. This includes:

- the economic, efficient and effective use of all the resources in their charge – for example to produce better educational results;
- the avoidance of waste and extravagance;
- the prudent and economical administration of the organisation;
- the establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting; and
- ensuring all financial transactions represent value for money.

A key objective is to achieve value for money not only for the organisation itself but for the taxpayer more generally. So whilst it involves an academy trust living within its budget and using its resources properly and with probity, it is primarily about how it continuously improves both the educational and wider societal outcomes for its pupils with the resources available.

What should be considered in assessing value for money?

The value for money statement should contain the information that is most relevant and appropriate to the trust, but should emphasise those issues that had the greatest impact on the trust's use of resources. We are not looking for a lengthy report but it should focus on good examples of the areas where the trust has achieved value for money and examples where the trust could do better, including descriptive evidence of the actions taken and to be taken. **The following examples are not exhaustive, nor are they a checklist on which we are expecting a commentary on each item.**

- **Improving educational results:** What has the trust done to ensure that educational standards continue to improve for the benefit of pupils and wider society, and that all pupils have the opportunity to raise their individual levels of attainment? For example:
 - **Targeted improvement:** Has the trust kept its staffing structure under review and deployed staff efficiently to support an improved curriculum, or to target areas of the curriculum in need of development?
 - **Focus on individual pupils:** How has the trust managed the differing needs of pupils, such as those requiring one to one support, and those requiring more stretch?
 - **Collaboration:** How has the trust engaged with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost?
 - **New initiatives:** What changes did the trust make to its budget to accommodate additional activities whilst living within its means?
 - **Quantifying improvements:** What data is available to evidence the effectiveness of the trust's strategies – such as pupils' educational attainment, behaviour and attendance records over time – and what does it show? What was the trust's financial performance in the corresponding period?
- **Financial governance and oversight:** Does the trust's system of financial governance include strong oversight by the trustees and accounting officer? How have they advised and challenged decision makers within the trust on the cost and effectiveness of spending proposals in order to achieve value for money? Could funding have been used to better educational or economic effect elsewhere?

- **Better purchasing:** What has the trust done to get more for its money? For example:
 - **Fitness for purpose:** Have services and contracts been appraised or renegotiated to get the best mix of quality and effectiveness for the least cost?
 - **Benchmarking:** Has the trust benchmarked its costs against similar organisations to identify areas for making savings?
 - **Options appraisal:** Have different options been considered before making purchases, including an assessment of the costs and benefits of the alternatives over the longer term? Has tendering been used appropriately and effectively to get the best deal? This does not mean always choosing the cheapest option.
 - **Economies of scale:** Has the trust taken opportunities to work collaboratively with others to reduce and share administration and procurement costs?
- **Better income generation:** Have opportunities been taken to explore and generate additional and reliable revenue streams?
- **Reviewing controls and managing risks:** How has the trust organised its internal controls to maximise its use of assets? Does management receive regular budget reports, and how do they act on them to best utilise spare resources and prevent waste? What has the trust done to manage cash, bank balances and investments effectively? Is insurance used cost-effectively to manage risks?
- **Lessons learned:** What has the trust done to appraise and learn from its strategies and decisions in order to make the budget go further.



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