department for
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Strategic Planning the Key to Financial Sustainability

A value for money planning guide

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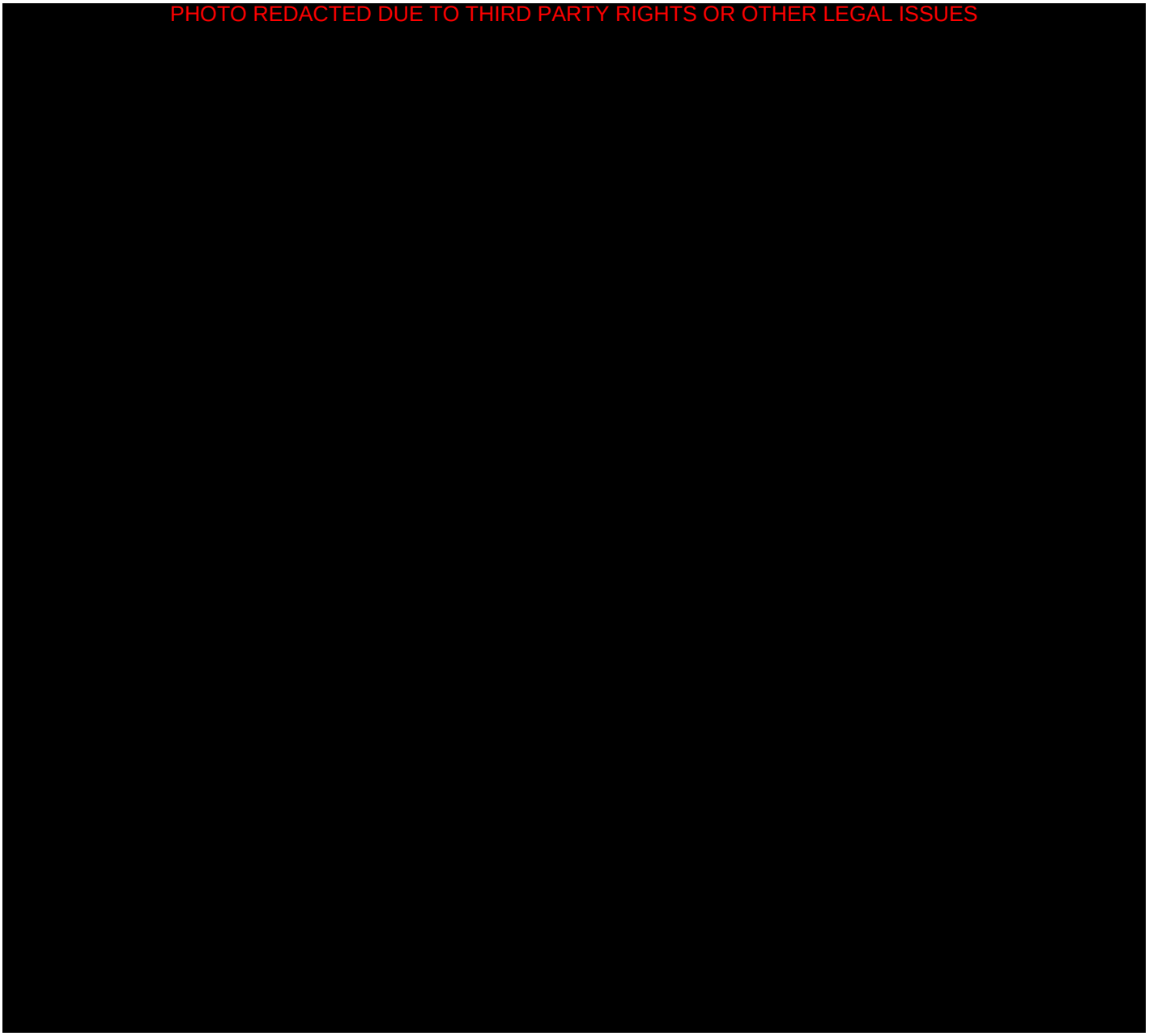

Contents

All the contents below are hyperlinked to each section just click on the relevant section below. The link will take you automatically to that section.

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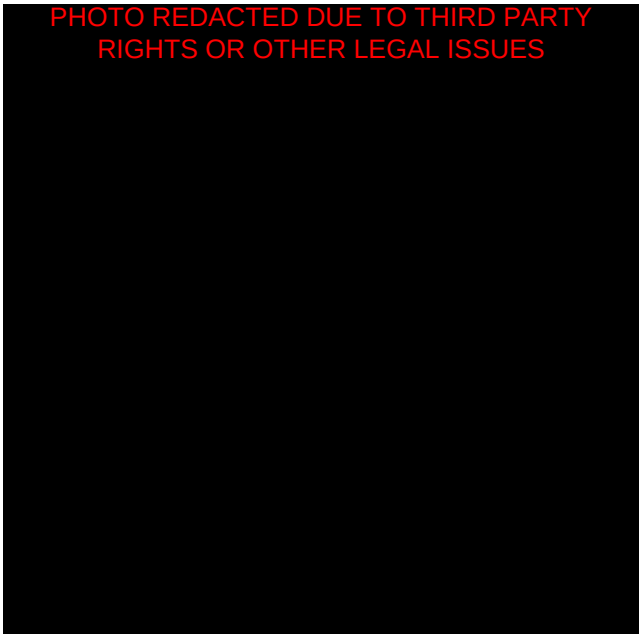

2. Executive summary
3. Introduction

5. Identifying Short-Term Priorities
7. Identifying Long-Term Priorities
8. What do we already know, and what can we assume?

11. Making decisions and recognising the short, medium and longer-term financial impact
15. Strategic Planning – the Process
18. Opportunity Cost Analysis

26. Action Planning
27. Presenting your School Development Plan Priorities
29. Monitoring
33. Evaluation

35. Procurement
37. Educational Procurement Centre (EPC)
37. Online Procurement for Educational Needs (OPEN)

38. Planning Checklist

39. Appendix a. Strategic Planning Calendar

6. Case Study 1. Kew Woods Primary School
13. Case Study 2. North West Secondary School
14. Case Study 3. Merseyside Secondary School
15. Case Study 4. Worcestershire Middle School
25. Case Study 5. Local Authority – Children's Services Department
33. Case Study 6. North West Primary School

Executive Summary

Back to Contents

Setting a school budget that is informed by the School Development Plan (SDP) will ensure that the resources available fit in with long-term plans, achieve the objectives economically, and are targeted efficiently at improving the quality of educational outcomes and standards.

This practical guide aims to support schools in creating a five-year strategic plan and recommends good practice through innovative strategies underpinned by sound resource planning - thus ensuring long-term financial sustainability and value for money.

What is Strategic Planning?

Strategic planning is an organisation's process of defining its strategy or direction, and then making decisions about allocating resources (including capital and people) to pursue this strategy.

In the context of schools, it's about bringing together the overall aims and objectives of the school from the SDP and aligning these with the budget process in the short, medium and longer term.

This guidance explains:

- How the multi-year budget should be seen as a financial expression of the School Development Plan
- How the educational priorities of the school determine its financial strategy
- How to manage within the limited resources available and achieve value for money
- How to manage the process of strategic planning
- How to monitor and evaluate the strategic planning process

The guide uses a wide range of tools including:

- Case studies from real schools
- Downloadable and adaptable templates
- Hyperlinks to best practice reference documents and relevant websites
- An automated demonstration clip of software that enables users to benefit more fully from the materials available

Introduction

Back to Contents

All public sector organisations are under great pressure to ensure that in the delivery of targets for improvement there is clear evidence that value for money is being achieved and that resources are being invested to the best effect. Schools are no exception, being at the forefront of delivering a high standard of learning opportunities to over eight million children a year. Balancing the demands of local and national priorities to deliver educational provision in a constantly changing pupil context and a tighter funding settlement means that planning ahead is more crucial than ever. The difficulty that schools face is the need to link different processes together to ensure that workload and bureaucracy are kept to a minimum. This guide is designed to support and assist schools with workable and practical tools to deal with this.

The purpose of this guide is to help schools link their long-term development plan with sound budgeting processes that raise standards and achieve value for money.

What we mean by value for money

Value for money means delivering the best outcomes from a given set of resources. It comprises three elements:

Economy – securing goods, services and personnel at the best price for a given level of quality and at the lowest cost (e.g. procurement, HR & recruitment, leasing, use of premises i.e. extended schools).

Efficiency – the best deployment of those goods, services and personnel to achieve a set of outputs, (use of ICT, use of business managers/bursars).

Effectiveness – the right mixture of outputs to achieve a particular set of outcomes; it is up to each school to determine what constitutes the right mixture of outputs (this could be timetabling, use of specialist teachers, staff development and deployment).

School development planning is an on-going process that will continually inform objective setting. When planning strategically, a school must consider the impact of its decisions - not just in the short term, but also in the medium and longer term. A school can then focus on the quality of its teaching and learning by working from a clear framework informed by the objectives within the School Development Plan.

Strategic planning is not easy for schools, particularly when you consider the need to align school development planning with the school budget, which operate over different periods (academic year and financial year). However, when a school starts to develop the idea of longer-term planning, it is quite surprising how much information is actually available. A number of assumptions may have to be built into longer-term projections, but these can be made from information readily available. Details are set out within the main body of this document.

The development and implementation of a development plan should be an integral part of the school's management and governance. To ensure that the School Development Plan is viable, and that its implementation is feasible, it should be supported by a multi-year budget covering the same period.

So that schools can get the best from their resources – including through better planning – the Department for Children, Schools and Families has set up a consultancy service that offers schools tailored support and advice. One day of consultancy is available free of charge to schools, and can be used to focus on a range of challenges from workforce reform to better procurement. The consultancy team is made up of experienced education professionals, including former headteachers, school business managers and other school leaders.

Comprehensive guidance on financial management is already available to schools through the Financial Management Standard and Toolkit. The Financial Management Standard in Schools (FMSiS) was introduced in 2005 as a single page document to show what a financially well managed school should look like. Many schools have already achieved the Standard and each month even more are achieving it. This guide aims to build on schools' work to achieve good financial management by linking it to sound strategic plans informed by the School Development Plan.

To access the Financial Management Standard and Toolkit click on www.standards.dcsf.gov.uk/vfm or www.teachernet.gov.uk/schoolfinance

To find out more about the consultancy service, and to book your day, please visit the DCSF Value for Money website – www.standards.dcsf.gov.uk/vfm

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Identifying Short-Term Priorities

Back to Contents

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Successful schools have a well-established cycle of self-evaluation, which encompasses all aspects of a Section 5 Ofsted inspection.

From the school's self-evaluation, key priorities are identified and stated in sections 3, 4, 5 & 6 of the self evaluation form (SEF).

In addition to the key priorities, the following factors will also contribute to a school's short-term development plan:

1) The success of the existing plan

- What areas from the existing plan have not been completed?
- How effective was the school's Continuing Professional Development (CPD) programme?
- Following performance management meetings with staff, have new performance management objectives been set?

2) Any additional priorities

- Priorities identified by the Department for Children Schools and Families
- Priorities identified by the Local Authority
- Priorities arisen out of professional dialogue with the school improvement partner

The case study below is an extract from a primary school's SDP showing short-term key priorities linked to their workforce and Every Child Matters. The table shows the key priorities for the short term (next 12 months), which are to be found in the SEF. The key priorities must be linked to key personnel; these names or titles of staff members are included in italics so all members of the workforce know which key priority they are involved in.

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Back to Contents

Case Study 1

Links to the five key outcomes of the Every Child Matters agenda are referred to in brackets.

1. Being healthy
2. Staying safe
3. Enjoying and achieving
4. Making a positive contribution
5. Achieving economic well-being

Achievement and Standards	To achieve performance targets Level 4+ English 91% Mathematics 95% (3) Resources: KS2 staff
Personal Development and Well-Being	Implement SEAL curriculum and links with ECM (1,2,3,4) Resources: All teachers
Quality of Provision	Develop use of ICT across the curriculum (3) Resources: All teachers & teaching assistants
The long term plan	Investigate further extended provision (1,2,3,4) Resources: Head teacher & appointed governors
Premises	Refurbishment of all toilets (1) Resources: Head teacher

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Identifying Long-Term Priorities

Back to Contents

Identifying long-term priorities is an essential part of financial planning but something which schools find extremely difficult. 'The School Improvement Planning Framework' developed by the Training and Development Agency has activities to support schools in identifying long-term priorities. These can be found at www.tda.gov.uk - also see the link below.

Click on this link to access a School Development Plan template

The financial principles and policies built into a school's long-term plans have to ensure that the school attains financial sustainability and has sufficient resources to provide priority services to its pupils in the short term (current year), medium term (years 2-3) and longer term (years 4-5). The priorities identified as long-term will be broad statements, which will be modified when reviewed as part of the school's annual planning process. The starting point for identifying the long-term plan (five-year priorities) is a review of the school's current position. The review should involve all stakeholders and include the following self-evaluation activities:

I. RAISE online (www.raiseonline.org) and in-house data to:
a) Compare its performance with other schools
b) Consider trends in performance at each key stage
c) Identify strengths and weakness in pupil performance over the past three years

RAISE online provides interactive analysis of school and pupil performance data. It replaces the Ofsted Performance and Assessment (PANDA) reports and DCSF's Pupil Achievement Tracker (PAT).

II. Identify which of the following features of successful schools need developing:
a) Clear vision
b) Strong leadership
c) High standards
d) Commitment to the five key outcomes of the Every Child Matters agenda
e) Strong family and community partnerships
f) Effective Continuing Professional Development
g) Effective use of data
h) Workforce reform

III. Asking questions such as the following:
a) How do we visualise the school in five years?
b) What do we keep the same in order to maintain our strengths?
c) What are the major challenges facing the school in the next five years?
- Staffing - e.g. retirement, recruitment
- Pupil numbers
- Curriculum changes
- Premises – refer to Asset Management Plan

d) What are the key priorities for development?

What do we already know, and what can we assume?

Back to Contents

Short, medium and especially longer-term financial planning is often difficult due to many unknown factors. However, when you start to examine what actual information is at your disposal and what sound assumptions you can make, schools can make a reasonable attempt at predicting the longer term financial future. Obviously, the assumptions built into any longer-term strategy have to be sound, but the skill in producing a document which predicts the future is to allow for flexibility, enabling the school to quickly and accurately recognise the financial impact of change.

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Set out below are the main elements that should be considered when planning longer term, and the questions you should be asking when creating the remainder of the financial plan after the SDP costs have been considered.

Income

- Pupil numbers – what are they likely to be over the next five years?
  (This can be represented in pupil projections as set out in the report below. The report has been produced in software, which automatically calculates the financial impact of a rise or fall in pupil numbers)

Pupil Numbers

	Pupil Nos Jan 08	Pupil Nos Sept 08	Pupil Nos Jan 09	Pupil Nos Sept 09	Pupil Nos Jan 10	Pupil Nos Sept 10	Pupil Nos Jan 11	Pupil Nos Sept 11	Pupil Nos Jan 12	Pupil Nos Sept 12
Nursery (3yo)	10	10	10	10	10	10	10	10	10	10
Nursery (4yo)	35	35	35	35	35	35	35	35	35	35
Reception	90	90	90	85	85	85	85	80	80	80
Year 1	81	90	90	90	90	85	85	85	85	80
Year 2	89	81	81	90	90	90	90	85	85	85
Year 3	89	89	89	81	81	90	90	90	90	85
Year 4	84	89	89	89	89	81	81	90	90	90
Year 5	85	84	84	89	89	89	89	81	81	90
Year 6	115	85	85	84	84	89	89	89	89	81
Year 7	0	0	0	0	0	0	0	0	0	0
Year 8	0	0	0	0	0	0	0	0	0	0
Year 9	0	0	0	0	0	0	0	0	0	0
Year 10	0	0	0	0	0	0	0	0	0	0
Year 11	0	0	0	0	0	0	0	0	0	0
Year 12	0	0	0	0	0	0	0	0	0	0
Year 13	0	0	0	0	0	0	0	0	0	0
Total	678	653	653	653	653	654	654	645	645	636

Pupil Numbers Complete

Notes...

<- Back to Brought Forward Balances

Continue to Pupil Derived Funding ->

- Age Weighted Pupil Unit values (AWPU) - what values have the LA used in their 3 year budget projections? What estimated annual inflation has been used?
- Section 52 Budget Statement for next three years (possibly one year plus two indicative years) - as above
- SSG funding - estimated on pupil numbers (as per DCSF calculator). Pupil number projections will drive this estimate
- Standards Fund – what has been notified? This is liable to change. Can you adapt your financial plans if it does change?
- Miscellaneous income (e.g. bank interest, lettings income, school meals income, etc,). Have we got historical data or are we aware of any changes to previous patterns of income?
- Extended school income – what activities are we undertaking and what are the financial implications?

Expenditure

Schools can benefit from benchmarking their expenditure against similar schools. To access this information click on the following link:

Benchmarking website

- Teaching staff structure and estimated salaries – what staffing do we need to deliver our objectives? What estimates should we include for future pay awards?
- Supply Teacher costs – what historically has this been? What strategies have we employed to mitigate rising supply teacher costs?
- Support Staff structure and estimated salaries – what assumptions can we make regarding future salary projections and what staffing levels are required?
- Other employee costs – what increased rate of inflation year on year shall we apply and what might change the future cost profile?
- Premises maintenance – are we setting aside enough for the maintenance? Do we have a longer-term strategy on the premises that may cost more in the short term but will bring significant benefits in the long term? –(Refer to Asset Management Plan)
- Grounds maintenance – are we using the grounds to the maximum benefit of the pupils?
- Energy costs – have we built in enough inflation in future years, bearing in mind the significant increases experienced over the past few years? Are there energy-saving measures we can employ, or encourage pupils to adopt?
- Cleaning costs – are we constantly measuring the impact and cost of alternatives? (i.e. in-house or external contractors) Have we considered employing a consultant to look at the service objectively and suggest improvements?
- Other occupancy costs (e.g. refuse collection, security costs, etc.) – are we using the correct suppliers, or do we need to carry out a value for money review on the service providers?
- Water and sewerage costs – are we as efficient as we should be in water usage?

Other issues

- Service Level Agreements – have we reviewed these recently? Are there better alternatives?
- Curriculum/Departmental costs (matched to the objectives in the SDP)
- ICT costs – should form part of our ICT strategy within the SDP
- Examination fees – linked to pupil numbers in the examination year groups from our pupil projections and additional estimates included for modular study if more expensive?
- Administration costs – have we got these down to a minimum, bearing in mind every pound spent on this overhead is one less pound spent in the classroom?
- Insurance costs – do we employ a broker to manage risks to ensure best value in terms of premiums and cover? Click on the link below for a risk management toolkit.

www.teachernet.gov.uk/riskmanagement

- Catering costs – as per all services, is there an option to bring in-house or to contract out to a service provider?
- Agency supply costs – as per above with staffing supply costs
  Click on the link below for guidance on using supply teachers.

Supply teacher study

- Professional fees – have we performed a cost/benefit analysis to determine if these services represent value for money? Or should we employ/redeploy and provide a better service ourselves?
- Extended school costs – are these costs considered fully, especially where we cannot fund extended schools activities from our main budget share grant?

Sources of Information

In planning to produce a longer-term financial strategic plan there are a number of sources of information that are key to the success of such an exercise. Listed below are some documents and sources of information that will drive the strategy.

- School Development Plan
- Pupil data analysis and demographic information
- Historical data
- Salary estimates
- Inflation estimates
- Benchmarking data
- Contractual agreements
- Any long-term agreements
- Financial planning software

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Making decisions and recognising the short, medium and longer term financial impact.

Back to Contents

Experience has shown us that many schools consider the impact of the majority of their decisions in the short term without fully recognising the financial impact in the medium and longer term.

For example: schools have appointed teaching staff after recognising that they can afford them from within their annual budget, or by using any surpluses brought forward. A school that appoints a NQT in September would be faced with an increase on their staffing budget of approximately £15k in the current or upcoming financial year (7/12 x e.g. point 2 on the main teacher's pay scale).

Schools have made decisions on this basis. However, when you consider the medium and longer-term financial implications, the numbers start to show a different position - one which schools should consider.

The questions that need to be asked are:

- How is our school going to sustain additional costs of in excess of £150k over the next five years?
- Are we able to increase our income? Perhaps an increase in pupils anticipated?
- Are we able to reduce other costs to an equivalent value?

Bear in mind that additional funding of £150k only leaves the school in a stationary position. The school could also be facing falling pupil numbers and we need to be able to quickly recognise the financial implication of such a scenario. All schools are aware of the detrimental implications of a reduction in pupil numbers, but not many schools are able to actually quantify accurately the scale of the problem!

Set out below is a scenario of a reduction in ten pupils each September. For the purpose of the example an average Age Weighted Pupil Unit (AWPU) of £2,900 has been used for the current year and increased by 3% p.a. thereafter

The calculations below are estimates using the latest teacher's pay scales, although costs do not include any London Weighting allowance but do include employer contributions of Pension and National Insurance.

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Back to Contents

Cost in year 1. £ 15,704	
Cost in year 2. £ 28,647	Cost over 2 years £ 44,351
Cost in year 3. £ 31,648	Cost over 3 years £ 75,999
Cost in year 4. £ 35,099	Cost over 4 years £111,098
Cost in year 5. £ 39,058	Cost over 5 years £150,156

TOTAL COST OF A NQT APPOINTMENT (for a five-year period) £150,156

Year 1. Loss of pupil funding £ nil
Year 2. Loss of pupil funding £ 29,870
Year 3. Loss of pupil funding £ 61,533
Year 4. Loss of pupil funding £ 95,068
Year 5. Loss of pupil funding £130,599

TOTAL LOSS of AWPU FUNDING (for five-year period) £317,070

With a long-term plan it is more difficult to predict exactly what may happen. However, as set out above, there is a significant amount of data available to enable the school to plan effectively, and in such a way that the plan is flexible enough to adapt to changing circumstances.

Set out below are two case studies from different schools:

Case Study 2 highlights the difficulty facing a school that took no action when a problem had been recognised.

Case Study 3 shows how a school recognised that it had a problem and took decisive action to remedy the situation.

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Back to Contents

Case Study 2

A school in the North West of England had unfortunately created a severe financial crisis for itself by not taking action when a potential problem had been recognised.

The school was in an extremely challenging area and had many difficulties to overcome, which probably contributed to the school's lack of serious concern for its financial position. The school was now in a deficit financial position of in excess of £1 million. Minutes from governor meetings four years ago confirmed that falling pupil rolls was a certainty and that this could cause financial instability with potentially a significant reduction in funding. Discussions had clearly taken place raising this issue as a concern, although nowhere in the records was there any mention of the scale of the financial difficulty facing the school.

The school decided to take no action and to see what would happen; they also presumed incorrectly that the local authority would come to their rescue if they got into financial difficulty.

A close examination of the staffing showed interesting statistics. Over the past four years with pupil numbers reducing significantly, the school had actually increased its staff numbers!

The school did not have the ability to quantify the scale of the problem, and is now facing a horrendous period as they try to pay back the deficit to the LA. Due to the scale of the problem, the only possible reduction in costs that would make enough impact was to reduce the teaching staff by ten over the following five years, and reduce the support staff levels.

Unfortunately for the school, having to reduce the teaching staff levels increased the Pupil Teacher Ratio (PTR). This only compounding the difficulties already experienced, and could put the school into a speedy downward spiral (i.e. larger classes, lower attainment, less options available, etc) This has led to parents sending their children to other schools, which compounded the situation even further.

Although financial projections can be misleading, there are also times when financial data should be considered and actions taken as soon as possible to try and cushion the financial impact. One thing for certain is that difficulties of this nature seldom go away and usually only get worse. Schools should ask for help from the LA or outside agencies when difficulties are recognised, and try to come up with a workable strategy that ensures financial sustainability.

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Back to Contents

Case Study 3

A secondary school in Merseyside discovered that entry to their mixed Sixth Form was going to be lower than expected. They asked themselves what action they needed to take to ensure financial stability.

It was probably too late to recover the situation for the current year, but could they do anything for future years?

A number of issues had to be addressed namely:
- What financial impact was this going to have from September onwards?
- What impact was this going to have on the school's ability to deliver its objectives as outlined in its Development Plan?

The school examined a whole range of possible strategies to address the situation, which included:

- How to attract more students?
- How to keep year 11s from leaving, and therefore not joining the Sixth Form?
- How to improve marketing
- Does the marketing department require a greater budget ?
- Reiterate staff responsibilities for retaining pupil numbers into the Sixth Form
- The need to consider a better variety of courses (more cost to school: staffing/resources)

After discussions with all relevant stakeholders within the school community, an action plan was drawn up, which included the following strategies:

- Introduction of new non-vocational courses
- Curriculum provision cost in next year's budget
- Increase marketing budget for Sixth Form
- To appoint a Head of Upper School to work with Heads of Year to encourage students from Year 10 to seriously consider remaining at the school
- Follow up on external Year 12 students who declined an offer
- Allow external Year 12 students who apply to move to the school in the following September to have an integrated programme to be incorporated in Year 13 to enable them to achieve their objectives
- Re-vamp presentation for Sixth Form Open Evening allowing students to give presentations
- Earlier consultations with prospective external Year 11 students after Open Evening to achieve pupil numbers
- To incorporate objectives in the School Development Plan in the new financial year and beyond

Now that the school has set out these objectives they are already seeing the beneficial impact, and are confident that the strategies put in place will continue to increase the Sixth Form numbers and lead to a positive outcome.

Although the school had responded positively to the problem, they also came to realise that they had become complacent after many successful years! The school now reviews all policies and strategies on a regular basis...even the successful ones.

Strategic Planning – the Process

Back to Contents

Historically, schools have created budgets first and then considered the implications of the School Development Plan arguing that there is very little money left after allocating costs to what it perceives to be fixed costs. However, this uncertainty is the very reason why schools should adopt a strategic approach to managing their finances.

The process of aligning budget-setting with the School Development Planning cycle is complex and requires careful planning and organisation. For most of the budget setting process, whether annual or three-year, the figures used will be best estimates.

The process below may not appear be far removed from your current way of thinking, but by adopting this planning process it may challenge existing short, medium and longer term planning and bring about a change in mind set.

Below is an eight-stage tried-and-tested strategy that creates a balanced budget and also prioritises resources according to the key objectives identified in both the School Development Plan and the school's ongoing self-evaluation.

The strategy takes the School Development Plan as its starting point, and the objectives identified as a result of a school self-evaluation informing the budget within the limited resources available. Follow the TDA link for further guidance. www.tda.gov.uk

The case study below sets out the experience of a head teacher as he introduced longer-term strategic planning into his school.

Case Study 4

"Long-term planning? You must be joking!" That was my reaction when I first became a head teacher. I wanted to make sure that all went well NOW and that meant detailed planning - both academically and fiscally - to ensure that the school functioned well. And it worked.

As sources of income, particularly grants, became more predictable, usually tied to short and long-term objectives; and capital income became more available to those with long-term objectives, my thoughts changed.

Capital programmes were easy enough to plan for long-term and their resultant impact upon curriculum delivery was measurable. Planning staffing requirements became easier to do accurately for the next three years and a reasonable prediction could be made for five years.

Departmental planning for the longer term was much harder to achieve. The high expenditure departments found it easier, ICT lead the way in relation to hardware costs, Science and PE (both of whom were 'good' at spending) came on board very quickly. The rest of the school initially stayed where it was at that time. Shortly afterwards curriculum implications were being considered in the longer term as staff saw the benefits of a longer-term strategy and very soon five-year plans became the norm.

Building programmes necessary for the development of the school were now being considered in the longer term.

It was not easy to be as accurate in years four and five as we would have liked but we used financial planning software that helped significantly. It took a while for people to realise that you plan in detail for this year and set parameters for others to develop into.

The benefits were enormous:

- The school developed faster and better
- The School Development Plan started to drive the budgeting decisions
- Staffing was targeted to meet specific areas of development
- Departments were more efficient and saw where they were going very clearly
- We saved money. Drip-feeding half-completed objectives each year disappeared
- We saved time because we got where we wanted to be much faster
- Morale was better because our destiny was in our own hands. (Well, until the next Government objective came along!)

The better the longer-term planning the better was the delivery within that school year. If that sounds like the rhetoric we are always fed I apologise. The fact is that is how it was for us.

Head teacher – Worcestershire Middle School

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The Planning Process

Back to Contents

Stage 1.

Identify the SDP resource requirements

Recognise the action plan costs (see Action Plan section below) - this process is clearly best planned in academic years. You should at least recognise the school term in which the resources will be required to ensure that budget provision has been recognised in the correct financial year. This exercise needs to be performed well in advance of the start of the financial year. Decisions made in the Autumn term (i.e. the start of a new academic year) need to be the first consideration when creating the budget for the following financial year. Therefore, it is vital for this to be part of a continual process of planning in the Autumn term for the following financial year and beyond.
Click on link for an example

Stage 2.

Examine all fixed costs to ensure they represent value for money

After constructing the budget from the SDP resource requirements, add in all the additional costs not determined by the SDP. e.g.:

- All other staff costs
- Operational expenditure

Apply the '4 Cs' criteria (click on this link for details of the '4 Cs') to ensure that absolute best value is achieved on every purchase as well as all other costs (staffing included). This becomes extremely critical if the school cannot afford all the objectives in the SDP. The greatest error at this stage would be to have to cut out elements of the SDP because some of the other budget figures were not as prudent as they could be.
(Follow link for further guidance) www.teachernet.gov.uk/management/epc

Stage 3.

Ensure that planned expenditure matches projected income

If at this stage you have achieved a balanced budget then you are certainly amongst the minority of schools. Often the budget is exceeded by the financial resource requirements of the SDP. It could be argued that if your school budget balances at this stage then perhaps the SDP is not ambitious enough!
If, like the vast majority of schools, you cannot make the budget balance, then a workable strategy is set out below in Stages 4-6 Click on link for an example

Stage 4.

Re-examine the key priorities of the SDP

What are the short, medium and longer-term implications? Look at the potential impact that each objective would bring to the school in terms of school improvement. Place in strict priority order every item in the SDP that needs a resource allocation. Priority 1 is the most important and most critical part of the SDP, i.e. whatever happens this must take place. The last item is the least critical and therefore given a lower priority.

Include both the objectives that you can afford and those you cannot afford even though at this stage you have not been able to allocate any resource requirements against them. If additional funding becomes available during the financial year you may be able to reinstate these objectives. Click on link for an example

Stage 5.

Continue to prioritise

Start at the bottom (lowest priorities) and work upwards whilst deciding what the options are? There are a number of actions you can take:

- Downscale the objective
- Defer the objective (can only defer if you have the tools to assess the longer term impact)
- Abolish that particular objective completely!

Continue with this process until you have worked far enough up the list to be able to balance the resource requirements with the funds available. Click on the link for an example
This strategy ensures that the objectives remaining are the most critical to the school as they are the highest priority objectives. To prove this go through the analysis in stage 6 below. What you have achieved is a balanced budget with as many of the elements of the SDP built in as possible and in strict priority order, ensuring that the most important objectives within the SDP receive the limited resources available as a first consideration.

Stage 6.

Consider option appraisal

If it is necessary for your school to downscale, defer or abolish a particular objective from the SDP the school should perform a cost/benefit analysis. For example, what value have we lost with cutting an item from the SDP because we cannot afford it, compared with the benefits that the remaining items left in the SDP will bring to the school?
Do the benefits retained outweigh the benefits lost? If not go back to Stage 4 and ensure that the school's priorities are in the correct order.

Opportunity Cost Analysis

In a school situation, this could be in the use of a tangible asset that could not be used for another purpose, or by deciding on a particular course of action that uses staff time - a school's most valuable resource.

During the School Development Planning process schools have to regularly make opportunity cost decisions which will have an impact on the budgeting process. E.g. a school uses a senior teacher to observe less-experienced teachers in the classroom, and the school employs a supply teacher to cover for the senior teacher classes. Does the benefit of the observation and the added value that this brings to the school outweigh the actual cost of the supply teacher?

Stage 7.

Use of Additional Funds

Ensure all funds have all been allocated as part of Stages 1 and 2. Allocate any remaining funds by referring back to your initial SDP objectives. This is particularly relevant for Standards Funds where additional allocations could be received during the financial year; these additional funds can then be allocated to objectives that were initially unaffordable.

Stage 8.

Verify Planned Levels of Unspent Balances

Ensure the resulting annual surplus or deficit is in line with plans to:

- Recover from an overall deficit position
- Build up unspent balances to fund future projects as identified in the long-term plan.
- Plan to spend excessive surplus balances, in-line with priorities recognised in the School Development Plan

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The latest published Figures on surplus and deficit schools are set out below.

Amongst all LA maintained schools (nursery, primary, secondary and special) at the end of the financial year 2006-07:

9.1% (2,045) of schools were in deficit
90.4% (20,316) in surplus
38.4% (8,625) with an excessive surplus (surplus >8% of income for nursery, primary and special or >5% in secondary)

Secondary Figures only:
18.5% (626) of schools were in deficit
81.0% (2,740) in surplus
34.0% (1,151) with an excessive surplus (>5% of total income)

Example of the Strategic Planning Process

Back to Planning Process

The data in the example below has been drastically simplified for illustrative purposes. This example also shows how using strategic planning software can assist you in following this process.

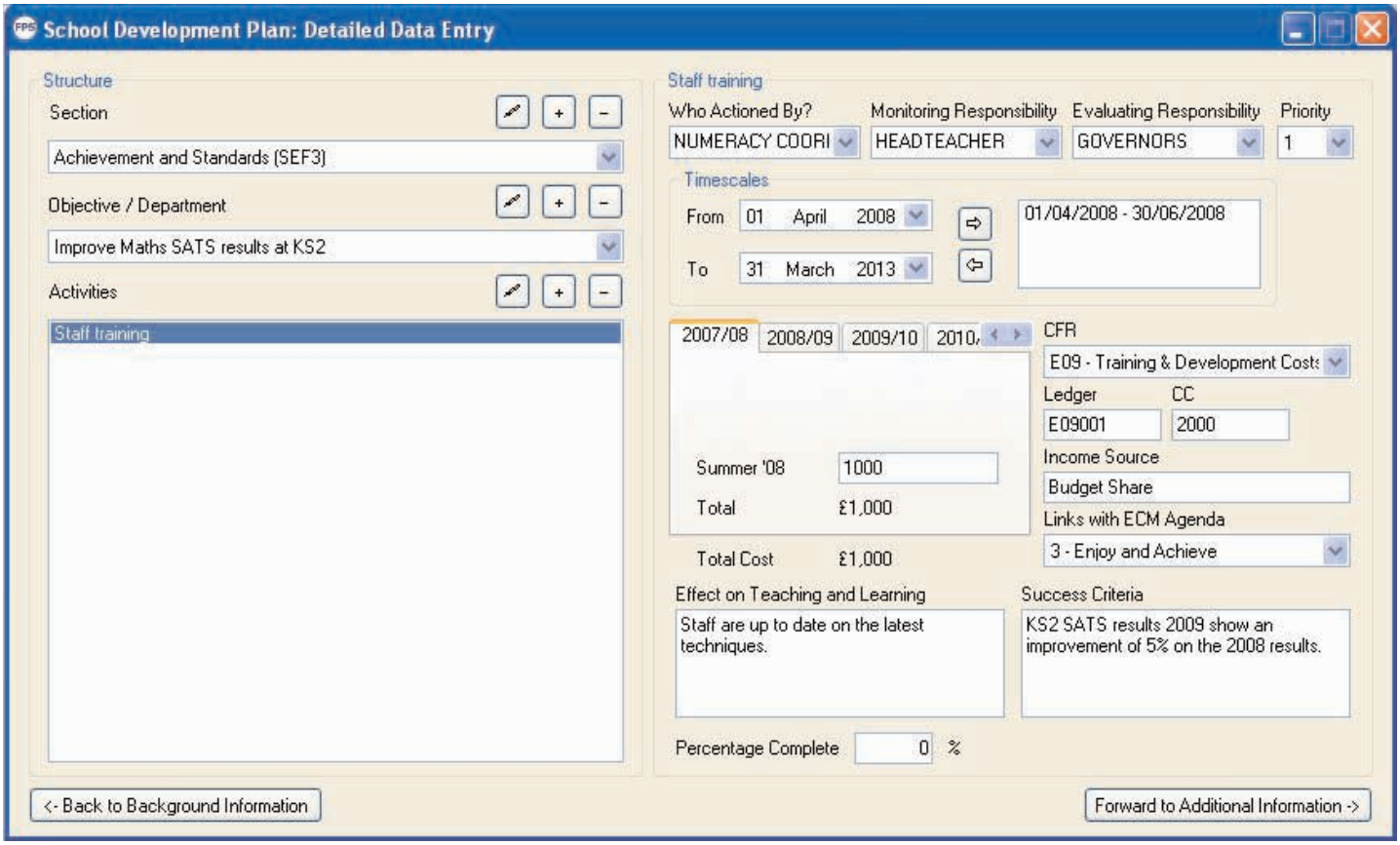
A School

Our example school has two priorities:

1. Improving Mathematics SATS results at Key Stage 2
2. Improving English SATS results at Key Stage 2

Each of these priorities can be built into their School Development Plan as an objective, with supporting activities. Each activity should be given a timescale and costed in the relevant academic term(s) against an appropriate area of the budget (see Figure 1.)

Figure 1.

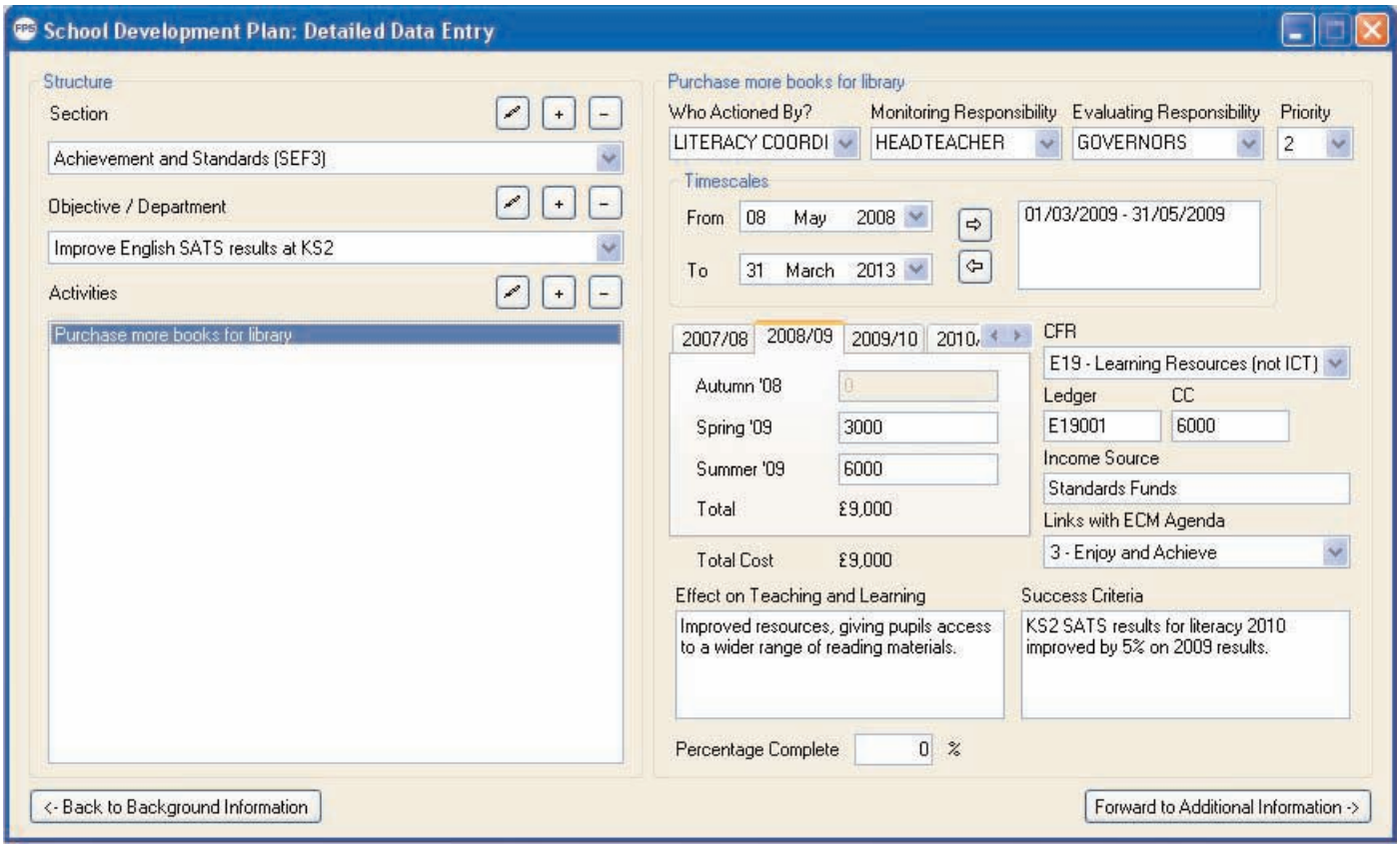


In the example above, the priority 'Improve Mathematics SATS results at Key Stage 2' is supported by one activity,'Staff training', which is scheduled to take place in the Summer term of 2008. The estimated cost of £1,000 has been put against the E09 CFR code and ledger code/cost centre of E09001/2000. Note the priority level of 1 up in the top right hand corner. i.e. highest priority

This budget must be reflected in the overall long-term financial plan in the correct financial year.

Let's now have a look at the school's second priority: Improving English SATS results at Key Stage 2. (see Figure 2.)

Figure 2.



In the example above, the priority 'Improve English SATS results at Key Stage 2' is supported by one activity, 'Purchase more books for library', which is scheduled to take place in the Spring and Summer terms of 2009. Note that this timescale crosses a financial year, but falls within one academic year. The estimated cost of £9,000 has been put against the E19 CFR code and ledger code/cost centre of E19001/6000. Note the priority level of 2 up in the top right hand corner.

This budget must be reflected in the overall long-term financial plan in the correct financial year(s).

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The report below shows the resource requirements for both objectives against the appropriate CFR code. (See Figure 3.)

Figure 3.

Income and Expenditure Projections

Income | Expenditure

CFR	Description	2008-09	2009-10	2010-11	2011-12	2012-13
E08	Other Employee Costs	0	0	0	0	0
E09	Training & Development Costs	1,000	0	0	0	0
E10	Supply Teacher Insurance	0	0	0	0	0
E11	Other Staff Related Insurance	0	0	0	0	0
E12	Building Maintenance	0	0	0	0	0
E13	Grounds Maintenance	0	0	0	0	0
E14	Cleaning & Caretaking	0	0	0	0	0
E15	Water & Sewerage	0	0	0	0	0
E16	Energy	0	0	0	0	0
E17	Rates	0	0	0	0	0
E18	Other Occupation Costs	0	0	0	0	0
E19	Learning Resources (not ICT)	3,000	6,000	0	0	0
E20	ICT Learning Resources	0	0	0	0	0
E21	Exam Fees	0	0	0	0	0
E22	Administrative Costs	0	0	0	0	0
E23	Other Insurance Costs	0	0	0	0	0
E24	Special Facilities	0	0	0	0	0
E25	Catering	0	0	0	0	0
E26	Agency Supply	0	0	0	0	0
	Total Revenue Expenditure	4,000	6,000	0	0	0
In Year Surplus / Deficit		(4,000)	(6,000)	0	0	0
Surplus / Deficit Brought Forward		0	(4,000)	(10,000)	(10,000)	(10,000)
Cumulative Surplus / Deficit Carried Fwds		(4,000)	(10,000)	(10,000)	(10,000)	(10,000)

The school can now enter its non-SDP-related income and expenditure into its strategic financial plan, ensuring that all budgets represent value for money. If the plan then shows a cumulative deficit carried forward at any point over the five years (as Figure 4.), the school must then revisit its SDP activities and reduce, defer or remove activities. This is done by looking at the activities in reverse priority order, i.e. lowest priority first.

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Back to Planning Process

Figure 4.

Income and Expenditure Projections

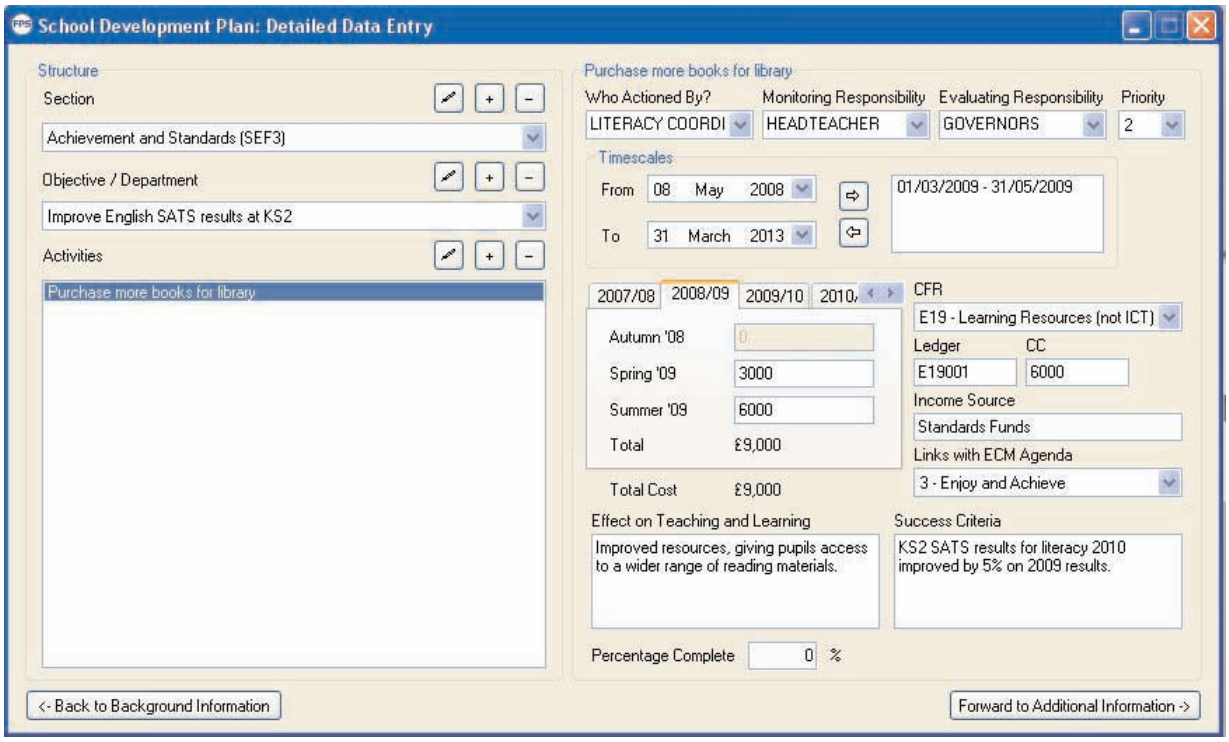
Income | Expenditure

CFR	Description	2008-09	2009-10	2010-11	2011-12	2012-13
E01	Teaching Staff	124,818	126,373	128,617	132,529	136,559
E02	Supply Staff	0	0	0	0	0
E03	Education Support Staff	31,864	32,028	33,004	34,010	35,045
E04	Premises Staff	24,377	24,505	25,254	26,027	26,823
E05	Administrative Staff	25,068	25,199	25,970	26,764	27,582
E06	Catering Staff	0	0	0	0	0
E07	Other Staff	9,584	9,636	9,940	10,254	10,576
E08	Other Employee Costs	10,000	10,300	10,609	10,927	11,255
E09	Training & Development Costs	21,000	20,600	21,218	21,855	22,510
E10	Supply Teacher Insurance	20,000	20,600	21,218	21,855	22,510
E11	Other Staff Related Insurance	0	0	0	0	0
E12	Building Maintenance	30,000	30,900	31,827	32,782	33,765
E13	Grounds Maintenance	10,000	10,300	10,609	10,927	11,255
E14	Cleaning & Caretaking	20,000	20,600	21,218	21,855	22,510
E15	Water & Sewerage	30,000	30,900	31,827	32,782	33,765
E16	Energy	20,000	20,600	21,218	21,855	22,510
E17	Rates	5,000	5,150	5,305	5,464	5,628
E18	Other Occupation Costs	20,000	20,600	21,218	21,855	22,510
E19	Learning Resources (not ICT)	43,000	47,200	42,436	43,709	45,020
	Total Revenue Expenditure	477,211	498,666	525,358	520,034	520,148
In Year Surplus / Deficit		(12,441)	12,049	(7,204)	499	9
Surplus / Deficit Brought Forward		10,000	(2,441)	9,609	2,404	2,903
Cumulative Surplus / Deficit Carried Fwds		(2,441)	9,609	2,404	2,903	2,912

In the strategic plan report shown above, the school is projecting a deficit of £2,441 at the end of 08/09. If it is impossible to make savings elsewhere, the School must re-examine its SDP priorities.

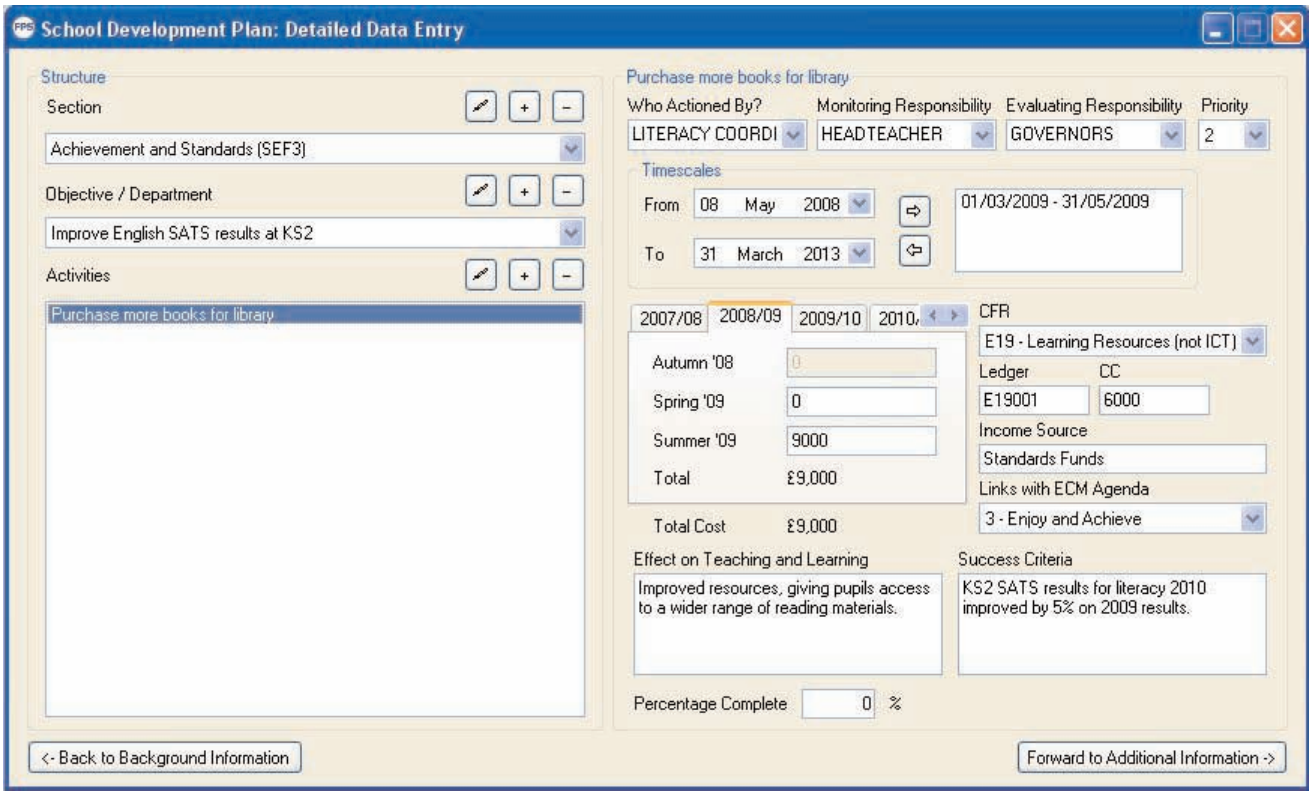
Let's have another look at the second priority, and the activity supporting it. Figure 5 shows the objective as it was originally while Figure 6 shows deferring the first year resource requirement to Year 2.

Figure 5.



Back to Planning Process

Figure 6.



The strategic plan now looks as follows, with no projected cumulative deficits across the five years. (See Figure 7.)

Figure 7.

Income and Expenditure Projections

Income | Expenditure

CFR	Description	2008-09	2009-10	2010-11	2011-12	2012-13
E01	Teaching Staff	124,818	126,373	128,617	132,529	136,559
E02	Supply Staff	0	0	0	0	0
E03	Education Support Staff	31,864	32,028	33,004	34,010	35,045
E04	Premises Staff	24,377	24,505	25,254	26,027	26,823
E05	Administrative Staff	25,068	25,199	25,970	26,764	27,582
E06	Catering Staff	0	0	0	0	0
E07	Other Staff	9,584	9,636	9,940	10,254	10,576
E08	Other Employee Costs	10,000	10,300	10,609	10,927	11,255
E09	Training & Development Costs	21,000	20,600	21,218	21,855	22,510
E10	Supply Teacher Insurance	20,000	20,600	21,218	21,855	22,510
E11	Other Staff Related Insurance	0	0	0	0	0
E12	Building Maintenance	30,000	30,900	31,827	32,782	33,765
E13	Grounds Maintenance	10,000	10,300	10,609	10,927	11,255
E14	Cleaning & Caretaking	20,000	20,600	21,218	21,855	22,510
E15	Water & Sewerage	30,000	30,900	31,827	32,782	33,765
E16	Energy	20,000	20,600	21,218	21,855	22,510
E17	Rates	5,000	5,150	5,305	5,464	5,628
E18	Other Occupation Costs	20,000	20,600	21,218	21,855	22,510
E19	Learning Resources (not ICT)	40,000	50,200	42,436	43,709	45,020
	Total Revenue Expenditure	474,211	501,666	525,358	520,034	520,148
In Year Surplus / Deficit		(9,441)	9,049	(7,204)	499	9
Surplus / Deficit Brought Forward		10,000	559	9,609	2,404	2,903
Cumulative Surplus / Deficit Carried Fwds		559	9,609	2,404	2,903	2,912

Set out below is a case study relating to a local authority that introduced strategic planning software to enable its schools to plan ahead accurately, and to ensure that the School Development Plan is at the heart of all financial decision making.

Case Study 5

Setting the Scene – Tameside MBC Services for Children & Young People
The Council continues to focus on the priorities laid down by the people of Tameside: a safe, clean, prosperous and learning borough. The Council has been rated as 'improving strongly' for some time and believes their best is still to come.

Tameside have a long list of awards for their education initiatives and forward thinking strategies. These include a national recognition for its leading work in revolutionising education through technology. The council was named joint runner-up for the Support for Schools title, at Becta's annual ICT Excellence Awards.

The Authority focuses strongly on staff input and development to keep the Authority forward thinking and innovative. The Authority works hard to build strong, reciprocal relationships with their schools; there is a lot of data sharing and transparency between the LA and schools. "We believe that is why we have such a good relationship with our schools in Tameside, we have a lot of support from schools and they often take up our services," says Resources Manager, John Barlow.

Typical of most Authorities, Tameside had been using a series of Excel spreadsheets to manage schools' finances. "We did provide our own spreadsheet for schools to use when budget planning, this was in use for well over a decade and was becoming too large to handle the complexities of multi-year budgeting and provided no way of monitoring the outputs or linking the School Development Plan."

Tameside saw an opportunity to partner with a supplier who was able to satisfy existing and future requirements. "We deemed the tool as no longer fit for purpose, and that is when we saw an opportunity for a way forward with a new product that could manage the process. We have been talking to a supplier of planning software for well over a year now about their new financial planning software written in VB.Net instead of the original Excel version. We really liked the idea of the School Development Plan being tied into the long-term budgeting tool, this was a huge benefit."

Managing Change

"We advised schools very early on in the decision making process that we were looking to improve upon the spreadsheet, and then we ran a successful pilot. Obviously, changing systems used by over 100 schools was not easy to achieve; we did have some resistance which is only natural within a large group of people, but the feedback has been very positive indeed. The training has been provided by the local authority and this has also helped with the implementation process."

Action planning

Back to Contents

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Each of a school's priorities need to be expressed in a more detailed format with each activity aligned to the budget, as can be seen from the following extract from a primary school's SDP.

Action Plan for Science 2007-2008

SEF reference: Achievement & Standards	Success Criteria	Priority
Department reference: Science	50% of pupils will achieve level 5 at KS2 50% of pupils will achieve a level 4C at Year 4 50% of pupils will achieve a level 3 at KS1	3
Link to national initiatives: Primary National Strategy		Links with ECM
Link to local initiatives: 1. Raising attainment		Enjoy & Achieve

Activity and proposed action	Who	Time	CFR	Ledger Code	Cost Centre	Amount	Effect on Teaching & Learning
1. Baseline assessment in Science of all pupils	All staff	Autumn 07					Staff better equipped for teaching requirements of AT1 and supporting the weaker areas of learning e.g. 'interpreting data'.
2. Review curriculum map to ensure higher expectations are covered.	Co-ord.	Autumn 07	E01	E01001	202	£360	
3. Purchase new assessment materials	Co-ord	Autumn 07	E20	E20001	202	£600	
4. Lesson observations to monitor teaching of science AT1	Co-ord	Spring 08	E01	E01001	135	£720	
5. Staff training on AT1 and 'Interpreting Data'	AST	Autumn 07	E27	E27001	155	£250	
6. Analysis of pupil progress towards success criteria	All staff	Summer 08	E01	E01001	135	£180	

Ongoing Review Comments

Include here ongoing comments for termly updates to governors

Monitoring & Evaluation

Key Objective	Monitoring Strategy	Who	Date	Evaluation	Who	Report Date to Govs.
1 2 3 4 5 6	Check all baseline scores completed Check new curriculum maps completed Check suitability of materials Lesson observations completed Staff to complete review of staff training Data analysis	All tasks monitored by co-ordinator		*Include here brief evaluation of each activity*	SMT	June 08

The above report can easily be produced in Microsoft Excel or Word. However, many schools nationally are now using financial planning software which automatically aligns the School Development Plan to the budgeting process.
Click on the link below to watch a video clip of an automated process.

Example of SDP and budget planning software

For details of suppliers of financial planning software for schools, contact either your local authority for guidance or the National Bursars Association using the link below.

www.nba.org.uk/SupplierList.

Presenting your School Development Plan Priorities

Back to Contents

After identifying the key priorities of the School Development Plan action planning can then begin. The report below shows a school's SDP activities over the next five years. The activities have arisen from self-evaluation and have been prioritised to assist in budget planning. (See above Stages 4 and 5 of the strategic planning process).

School Development Plan Activity Priorities

	Priority	Achievement and Standards (SEF3)	Priority	Personal Development and WellBeing (SEF4)	Priority	Quality of Provision (SEF5)	Priority	Leadership and Management (SEF6)	Priority	Premises
Year 1	4	Focus on upper ability children (3) - £300	1 7	Lead sessions for teachers and support staff (2) - £1,201 Behaviour support team (2) - £1,000	6	Purchase literacy resources (3) - £500	3	Additional bursar support and advice (3) - £1,500	2 5	Waiting shelters and bicycle store (3) - £5,000 Erect fence across reception/play area and higher fence across junior (2) - £3,000
Year 2	2 3	Phonic teaching (3) - £400 Focus on upper ability children (3) - £300	1 5 5	Lead sessions for teachers and support staff (2) - £300 Behaviour support team (2) - £1,000 Behaviour support team (2) - £1,000	4 6	To organise drama group visits to school (3) - £500 Increase the use of ICT across the curriculum Cameras (3) - £4,000	7	Time to meet with the assessor (3) - £200		
Year 3	3	Phonic teaching (3) - £400	5	Behaviour support team (2)	2 4	Develop a sense garden (4) - £1,500 Build two ponds (4) - £500	1	Additional bursar support and advice (3) - £1,500		
Year 4	2	Phonic teaching (3) - £400			3	Increase the use of ICT across the curriculum (3) - £4,000	1	Additional bursar support and advice (3) - £1,500		
Year 5	3	Phonic teaching (3) - £400	1	Lead sessions for teachers and support staff (2) - £300	2	Purchase literacy resources (3) - £500				

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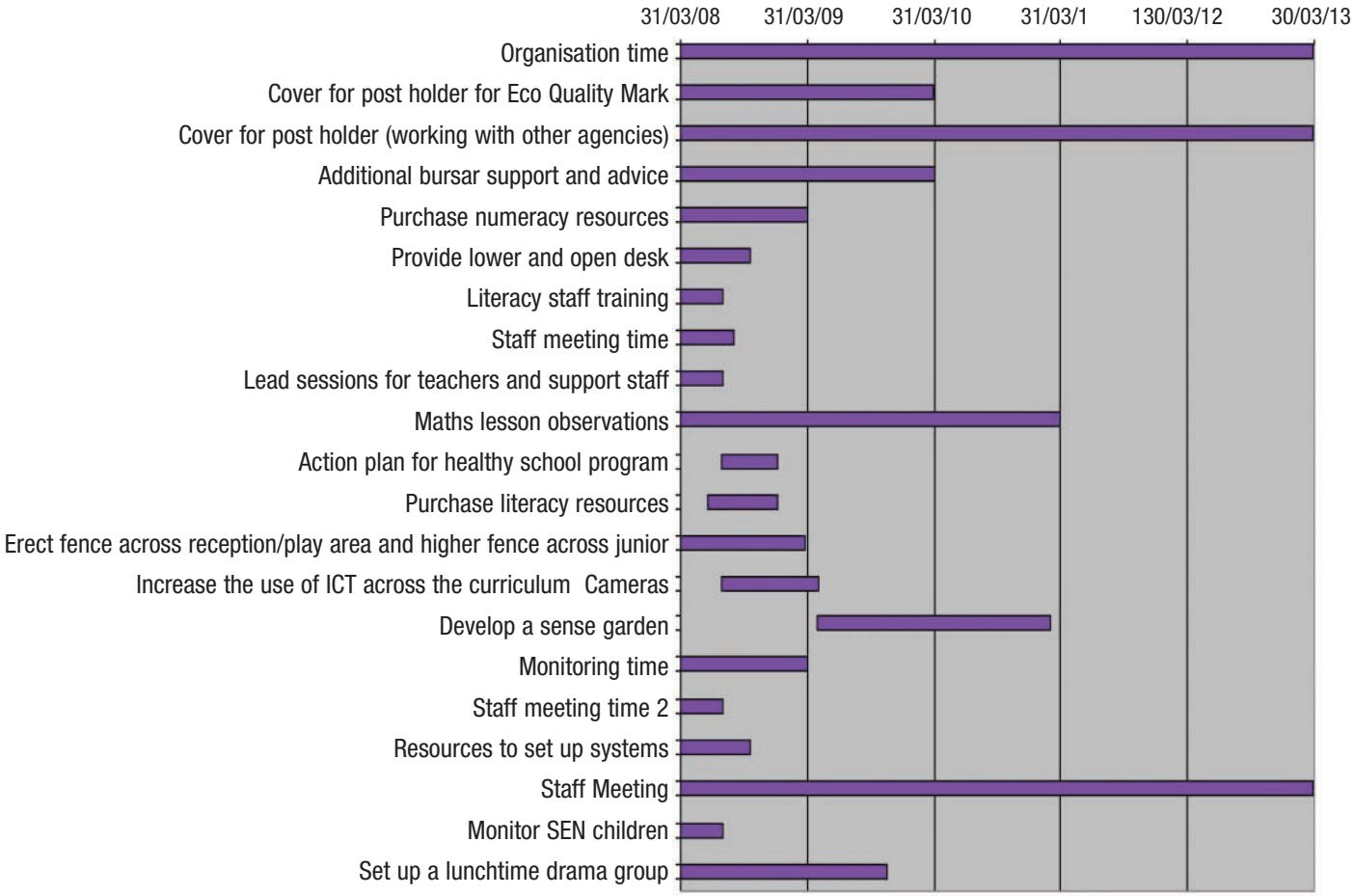
A Gantt chart is a horizontal bar chart developed as a production control tool. Frequently used in project management, a Gantt chart provides a graphical illustration of a schedule that helps to plan, coordinate, and track specific tasks in a project. Gantt charts may be simple versions created on graph paper, or more complex automated versions created using project management applications such as Microsoft Project or Excel.

The Gantt chart below shows in graphic detail how a school can analyse the actions identified in the School Development Plan.

It can be seen in this example that there are a number of activities that span the whole five-year period but what is clearly shown is the way in which this school is planning mainly in the short term.



Monitoring

Back to Contents

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Monitoring is the process of checking whether an action set out in the School Development Plan has taken place within the intended timescale and has used the finances allocated. When constructing an action plan the following detail should be included to facilitate monitoring:

- Who is undertaking the action?
- Who will undertake the monitoring?
- What is the timescale?
- What is the expected effect on teaching and learning?
- What are the success criteria?

This information can then be used to generate reports to enable the school's personnel to know exactly what they are responsible for monitoring throughout the School Development Plan.

The following is a report highlighting the monitoring responsibilities of the Numeracy Co-ordinator.

School Development Plan - Activity Responsibility Report

Responsible Member of Staff: NUMERACY COORDINATOR

Section	General Objective	Specific Activity	Timescale	Cost	Effect on Teaching and Learning	Success Criteria	Links with ECM Agenda	Responsible / Monitoring / Evaluating
Achievement and Standards (SEF3)	Continue to Address Attainment in Maths KS2	Numeracy training	01/09/2008-31/10/2008	£300	All staff up to date on latest methods. Teaching more effective.	2008 Maths KS2 results improve by 5% on 2007 results.	3 - Enjoy and Achieve	Responsible
		Maths lesson observations	01/11/2008-30/11/2008	£750	Staff receive constructive feedback. Teaching more effective.	Maths KS2 results 2008 improve by 5% on 2007 results.	3 Enjoy and Achieve	Responsible
Quality of Provision (SEF5)	Contine to Implement the Numeracy Strategy	Purchase numeracy resources	01/05/2008-31/05/2008	£1,200	Clear strategy promotes effective teaching.	Children will be learning lessons that have been planned from the new document	3 - Enjoy and Achieve	Responsible
		Set aside time for staff planning	01/05/2008-31/05/2008	£0		Children will be learning lessons that have been planned from the new document	3 Enjoy and Achieve	Responsible

Back to Contents

School governors also need to have an annual plan to assist them in undertaking their monitoring duties. The following tables give term-based guidance for both the full governing body and their committees.

Table: The Duties of the Full Governing Body in Supporting Leadership & Management

	Full Govenors		
	Statutory Tasks	Recommended Tasks	School Self-Evaluation
AUTUMN TERM	Elect Chair & Vice Chair Establish terms of reference Review existing policies Agree pupil targets and attendance targets	Approve School Development Plan Induction training for new governors and approve induction pack Review racial incidents Review incidents of bullying Register of business interests Approve School Fund A/C	(Using SEF) Achievement & Standards

	Full Govenors		
	Statutory Tasks	Recommended Tasks	School Self-Evaluation
SPRING TERM	Review existing policies Admissions arrangements Agree school prospectus Report on Performance Management Systems	Review racial incidents Review incidents of bullying Register of business interests	(Using SEF) Personal development and wellbeing Quality of provision

Back to Contents

Full Govenors

	Statutory Tasks	Recommended Tasks	School Self-Evaluation
SUMMER TERM	Review existing policies Prepare draft SDP Agree budget and staffing structure Approve financial regulations (including any variations) Powers of delegation	Review attendance of pupils, staff and governors Review pupil exclusions Review racial incidents Review incidents of bullying Financial benchmarking Register of business interests Agree Best Value Statement Approve staffing structure Approve Statement of Internal Control Approve Service Level Agreements Approve Financial Controls and Procedures Manual Approve Finance Manual Approve Fair Funding Scheme	(Using SEF) Leadership & Management Overall Effectiveness

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Back to Contents

Table: The Duties of the Committees of the Governing Body in supporting Leadership and Management

AUTUMN TERM

Leadership & Management
Review head teacher performance

Review performance management policy

Curriculum
Curriculum issues

Finance
Review expenditure and spending

Review budget

Review Matrix of Financial Management Competency

Establish Financial Management Training needs

Review Benchmarking data and prepare action plan

Financial Risk and Control

Checklist

Premises
Review premises

Review Asset Management Plan

Health & Safety

Staffing
Staffing issues

Pay Review Panel
Review pay of head and deputy

Review pay of teachers on upper pay scale

SPRING TERM

Leadership & Management
Review head teacher performance

Monitor School Development Plan

Curriculum
Curriculum issues

Finance
Review expenditure and spending

Set budget

Risk Management Audit

Statement of Internal Control

Review Benchmarking

Review Best Value Statement

Review Financial Controls and Procedures Manual

Review Finance manual

Review Fair Funding Scheme

Premises
Review premises

Health & Safety

Staffing
Staffing issues

Pay Review Panel
Review Pay Policy and procedures

SUMMER TERM

Leadership & Management
Review head teacher performance

Monitor School Development Plan

Curriculum
Curriculum issues

Finance
Review expenditure and spending

Review pupil forecast

Review Service Level Agreements

Review budget

Review DFC expenditure

Review Financial Summary including:

Balances

Cost Centre Summary

Transactions

CFR Report

Outturn Statement

Premises
Review premises

Health & Safety

Staffing
Staffing issues

Review staffing structure

Pay Review Panel
Review pay of teachers (not UPS) and support staff

Evaluation

Back to Contents

Evaluation is the process whereby the impact of the planned action on the quality of education is measured. Schools will establish success criteria for the actions identified in the School Development Plan and this will be used to measure impact. The evaluation must be made in terms of the impact on the quality of education and should also be expressed as a value for money judgement as set out in the case study below.

Case Study 6

One Primary school decided upon this value for money judgement using the following information:

Self-evaluation

RAISE online identified that too few pupils were achieving a Level 5 in Science at Key Stage 2

Action

Baseline assessment of all pupils
Review curriculum map to ensure higher expectations are covered
Purchase new assessment resources staff training on AT1 and 'Interpreting Data'
Lesson observations to monitor teaching and learning of AT1

Success criteria

50%+ of pupils will achieve a Level 5 at Key Stage 2

Expenditure

£1600 (£6 per pupil)

Impact on the quality of education

55%+ of pupils achieved a Level 5 at Key Stage 2

Value for Money Judgement

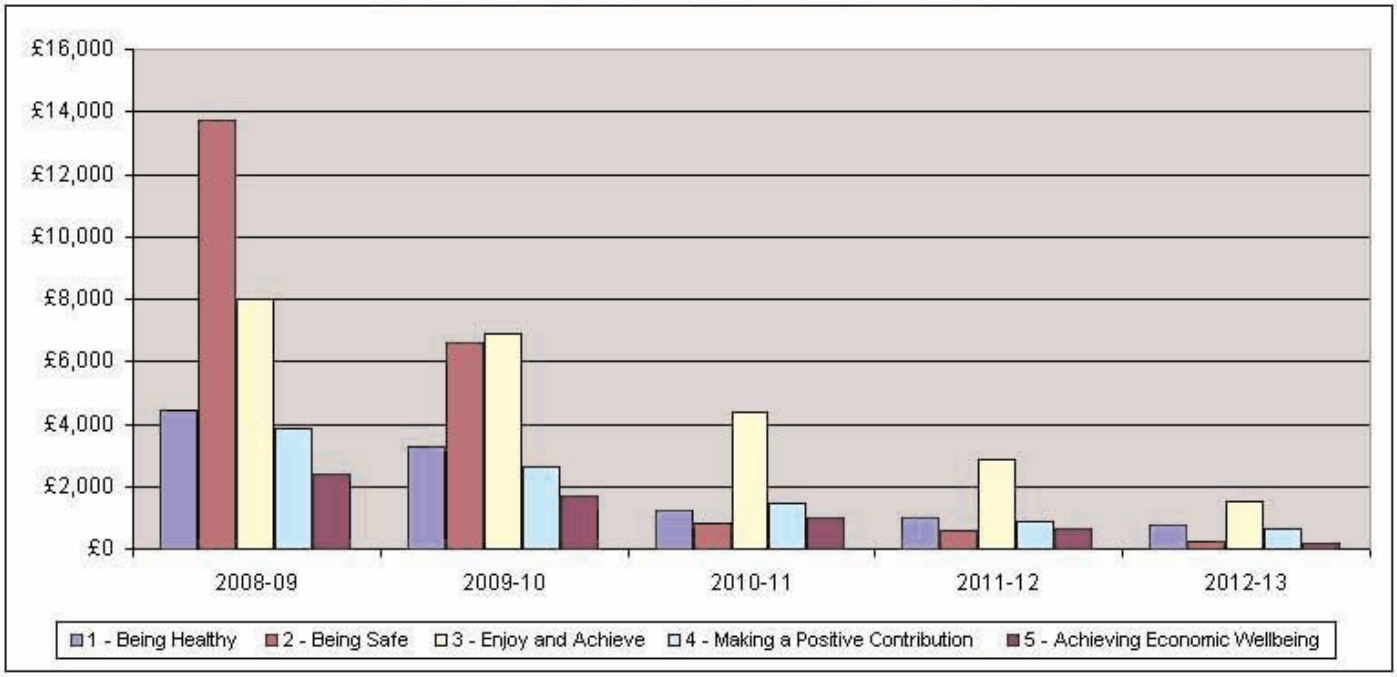
With science results exceeding the success criteria at a cost of £6 per pupil, the governors judged this expenditure to be good value for money.

Back to Contents

School leaders need to have good-quality data in order to help them evaluate effectively. The following report shows a breakdown of 'Every Child Matters' related expenditure.

Every Child Matters Costing Report

	2008-09	2009-10	2010-11	2011-12	2012-13
1 - Being Healthy	£4,460	£3,270	£1,200	£1,000	£750
2 - Being Safe	£13,701	£6,580	£800	£600	£250
3 - Enjoy and Achieve	£8,000	£6,900	£4,400	£2,870	£1,500
4 - Making a Positive Contribution	£3,850	£2,635	£1,480	£865	£655
5 - Achieving Economic Wellbeing	£2,400	£1,680	£1,000	£650	£200
Total	£32,411	£21,065	£8,880	£5,985	£3,355



This report enables school leaders to assess their long-term planning strategy against the ECM outcomes; this example highlights a lack of long-term planning but reflects the schools short-term strategy to improve safety.

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Procurement

Back to Contents

Although school managers have always sought value for money in their purchases, there is an increasing need to do so as responsibility for providing more services is delegated to schools, and as the market for school services increases. Achieving value for money includes a recognition that cheapest is not necessarily best, and that expensive does not guarantee quality. Key factors to be considered in purchasing other than price are set in the template below:

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Back to planning process

The principles of best value are known as the '4 Cs' as set out below:

Challenge Questioning the way services are delivered and asking if it is appropriate to be purchasing the service or undertaking the work internally.

Comparing one school's way of obtaining a service, including costs, with those of similar schools.

Consulting relevant stakeholders to ensure that the service provided is relevant to their needs.

Compete Testing the market place, including internal providers, to secure the best possible service at the best possible price.

For further guidance on best value click on the link below
www.fmsis.info

Back to Contents

Value for money template

Use the grid below to attach to your school requisition form and ask all staff responsible for ordering goods or services to tick the appropriate boxes to explain the rationale behind the decision to use that particular provider or those particular goods.

The following goods and/or services are being purchased using the following value for money criteria

Please tick all the appropriate boxes (empty boxes have been included to enable your school to add additional criteria).

*** This form should be completed prior to requisition authorisation ***

Question	Tick Box	Question	Tick Box
Are the goods or services competitively priced?		Is the product or service so unique that there are no alternative providers?	
Does the quality of the goods or service meet the schools needs and has this been measured against an alternative provider?		Have long-term sustainability issues been considered?	
Does the provider have sufficient range of services to meet the schools needs?		Enter school specific criteria here	
Has the support and responsiveness of the supplier been considered?		Enter school specific criteria here	
Is the supplier known to the school or local authority as being reliable?		Enter school specific criteria here	
Are the goods or services compatible with the school ethos and culture? E.g. Gender / disability equality.		Enter school specific criteria here	

Educational Procurement Centre

The Department for Children, Schools and Families' (DCSF) Educational Procurement Centre (EPC) is a unit within the Department. Established in 2007, the EPC works across the schools sector to promote and support more sustainable procurement practices and effective contract management.

Good procurement practice can save money through sensible purchasing decisions, and help to ensure that legal and statutory requirements covering public spending are addressed. But effective procurement also has a strategic function — it contributes to the improvement of schools' overall performance, by making more effective use of staff and governor time, as well as managing budgets which are under increasing pressure.

The provision and embedding of up-to-date, clear, practical and audience-focused procurement guidance and training is an essential and complementary area of the other projects being undertaken by EPC.

For more information about the work of the Educational Procurement Centre and to find more detailed guidance on procurement practice, please visit www.dcsf.gov.uk/epc

OPEN (Online Procurement for Educational Needs)

OPEN is an electronic procurement system which mirrors existing school processes but can also be tailored to suit individual schools' needs. OPEN has been designed to support the work of schools' purchasers by improving access to suppliers, reducing process time and creating a secure environment to work within.

Buyers can search, compare and select goods and services from a wide range of suppliers nominated by schools and other public-sector bodies. The authoriser for the Financial Management System (FMS) retains final control on all orders going out as they will be submitted via the FMS. So, if currently your bursar has this responsibility, it will remain that way. The Educational Procurement Centre (EPC) has been working with FMS providers to ensure future developments of FMS software are in line with OPEN.

For more detailed information about OPEN, how it could help you and when it will be available in your area, please visit www.dcsf.gov.uk/open

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And finally...

Back to Contents

Planning Checklist

- Always start annual budgeting from priorities agreed in the School Development Plan
- More is not always better; examine the redeployment of existing resources
- Zero base v incrementalism; examine existing budgeting methods
- Plan for problems now; think two or three years ahead
- Review the development plan for whole-school issues, external constraints and opportunities
- Share budgeting responsibilities with key people in your team

To avoid financial difficulty check out these reasons for poor linkages:

- Doing what you can afford rather than prioritising outcomes
- Finalising the development plan after setting the budget
- Not costing developments in time or in sufficient detail
- Not challenging assumptions
- Not using financial benchmarking tools
- Not identifying expenditure against actions, with smart success criteria
- Not using available software to model your financial implications or changing assumptions!

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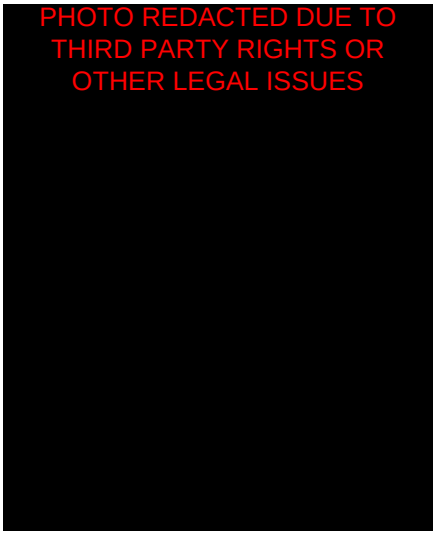
Back to Contents

The Strategic Planning Calendar



During any academic year, a school will be making decisions which affect:

a) The existing SDP
b) The next year's SDP
c) The long term priorities for the school

The strategic planning calendar below outlines the decisions to be taken during the year and gives an overview of what will be covered in more detail during this document. All schools are unique and processes will vary slightly from one school to another, but all the following actions must be undertaken at some time.

	The existing plan	The next year's plan	The long term plan
AUTUMN	Plan self evaluation activities these might lead to changes to existing plan or identify priorities for next year Report plan to Governors Clarify with all staff what is required to achieve targets and priorities Plan appropriate CPD Analysis of data – RAISE online – amend plan if necessary Review progress against statutory targets Review progress of plan with governors Modify plan where appropriate	Identify the SDP resource requirements Examine all fixed costs to ensure they represent 'best value' Ensure that planned expenditure matches projected income Re-examine the key priorities of the SDP Performance targets set with school improvement partner Identify DCSF/LA priorities and estimate funding	Identify links with DCSF/LA education development plan Review of current position – use RAISE online Compare performance with other schools Look at trends in pupil performance Compare performance with the features of successful schools Undertake accommodation audit Establish long term (5-year) targets

Back to Contents

	The existing plan	The next year's plan	The long term plan
SPRING	Consult with staff and provide ongoing support Ongoing self evaluation activities might lead to changes to existing plan or identify priorities for next year Review progress against statutory targets Review progress of plan with governors Modify plan where appropriate	Update pupil numbers Consider option appraisal, by looking at opportunity costs Plan the use of Standards Funds Verify planned levels of unspent balances	Estimate long term staffing costs
SUMMER	Ongoing self evaluation activities might lead to changes to existing plan or identify priorities for next year Review progress against statutory targets Review progress of plan with governors Performance management meetings – evaluate progress against targets Measure impact of improvement action against success criteria and calculate to show value for money	Confirm staffing structure Evaluate previous year's training Identify areas from existing plan not completed Identify priorities from self evaluation and discuss with staff and governors Report priorities to key personnel Create action plans and submit bids Review budget with governors and allocate resources Agree action plans and draft budget Performance management meetings – set new performance targets	

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