

Schools Financial Value Standard

9th January 2024



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Aims of this webinar:



to explore the Schools Financial Value Standard (SFVS) for 2024 and the expectations on governing bodies;



to ensure governors understand how self-evaluation underpins SFVS and should inform its completion;



to explore new elements to the 2024 SFVS and how schools should be responding.



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What is SFVS?

'Schools financial value standard checklist' is for schools. It asks questions of governing bodies in 6 areas of resource management.

.gov.uk (January 2024)



SFVS (on .Gov.UK)



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> [Local authority schools financial reporting and assurance](#)

Guidance

Schools financial value standard (SFVS) and assurance statement

This guidance helps schools and local authorities meet basic standards for good financial health and resource management.

From: [Department for Education](#)

Published 28 February 2019

Last updated 17 November 2023 — [See all updates](#)



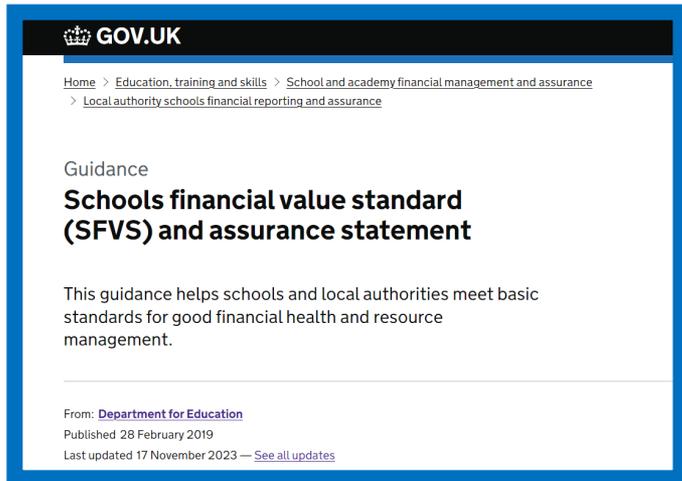
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SFVS Guidance

Four documents for schools:

- SFVS Checklist;
- Checklist Guidance;
- Additional Resources;
- Related Party Transactions template



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SFVS Checklist:

Six areas of resource management:

- Governance;
- School Strategy;
- Setting the Annual Budget;
- Staffing;
- Value for Money;
- Protecting Public Money.



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How does it work (how do we do it)?

1. Evaluate this

2. Look at this!

3. List your evidence and any actions to be taken, here

A. Governance

1	In the view of the governing body and senior staff, does the governing body have adequate and up-to-date financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money? Is there a plan in place to address any gaps?	Q1 guidance	Choose an item.	
2	Does the governing body have a finance committee, or equivalent, with clear terms of reference and a knowledgeable and experienced chair?	Q2 guidance	Choose an item.	

4. And only then complete this



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Checklist Guidance:

Guidance

Checklist guidance

Updated 17 November 2023

Applies to England

Contents

A. Governance

B. Strategy

C. Setting the annual budget

D. Staffing

E. Value for money

F. Protecting public money

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A. Governance

1. In the view of the governing body and senior staff, does the governing body have adequate and up-to-date financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money? Is there a plan in place to address any gaps?

What this question means

Why it is important for the governing body to have adequate and up-to-date financial skills

It is essential for the governing body to have access to adequate financial skills and to maintain these skills to ensure they meet their statutory responsibilities for the financial management of the school and can safeguard the large amounts of public money for which they are responsible.

Not all governors need all these skills, but collectively members of the governing body (and finance committee or equivalent) should have these skills among them. Schools should ensure they have a plan in place to fill any gaps in knowledge.

Good practice

The school should identify whether the governing body has the right skills

Schools should analyse their governing body's skills on a regular basis, or if there are significant changes to the membership or to individual governors' roles and responsibilities, to identify any skills gaps. A good way for a school to assess their governing body's current skills is to summarise the main financial management skills that the governing body should have. The example of 'What to do' from the Education and Skills Funding Agency (ESFA), available under **additional resources**, helps governors to identify the skills they have and those that collectively they need to acquire.

Once the governing body have assessed their skills, they can put in place actions to help ensure that collectively they have adequate financial skills.

The governing body should not only have but should be seen to have adequate financial skills

Governors have a collective responsibility for important financial decisions in the school and are answerable to parents and the wider community. Therefore, they should be seen to have adequate financial skills, and might wish to explain how they meet this requirement on their website and in reports to parents and carers.

A well-run school must be willing and able to show how it has used its resources and be able to respond honestly to questions about its financial probity. Openness, transparency and integrity are key principles of good governance and financial management.

What to do if things are not right in your school

If your school's governing body does not have adequate financial skills

If your governing body does not have adequate financial skills, you should identify which specific skills are lacking. You should think about:

- what the governing body's collective training needs are
- whether individual governors have the right skills for their particular role
- who the best person is to fill each skills gap
- the best way for a governor to acquire a specific skill
- how additional skills can be acquired through recruitment

This can then be developed into an action plan to address the current skills gaps.



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Additional Resources (skills matrix):



Schools financial value standard (SFVS)

Additional resources

March 2018

A key point is that not all governors/management committee need all these skills, but collectively the governing body/management committee (and finance committee, if it exists) will ideally have these skills between them.

Governors financial management skills rating system

More information about the knowledge, skills and behaviours needed for effective governance can be found in the [Competency Framework for Governors](#)

1: Highly competent	2: Competent	3: Developing	4: Not yet developed
Where relevant to the competency or example, the following apply to the individual concerned:	Where relevant to the competency or example, the following apply to the individual concerned:	Where relevant to the competency or example, the following apply to the individual concerned:	Where relevant to the competency or example, the following apply to the individual concerned:
<ul style="list-style-type: none"> this is an area in which you have significant practical experience this is something that you undertake on a regular basis this is a personal characteristic or style that you demonstrate all of the time there is a regular programme of activities to maintain technical competence 	<ul style="list-style-type: none"> this is an area in which you have some practical experience this is something that you undertake on an infrequent basis this is a personal characteristic or style that you demonstrate most of the time there is a regular programme of activities to maintain technical competence 	<ul style="list-style-type: none"> this is an area in which you have little practical experience this is something that you rarely undertake this is a personal characteristic or style that you demonstrate some of the time there is a programme of activities to develop the technical competence in this area 	<ul style="list-style-type: none"> this is an area in which you have no practical experience this is something that you have never undertaken this is a personal characteristic or style that you rarely demonstrate there is no programme of activities to develop the technical competence in this area

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Skills matrix for governors with financial management responsibilities

1 – Provides strategic leadership	Chair of governing body	Chair of finance committee	Governor with finance role
Leads the development of strategic plans: <ul style="list-style-type: none"> has strategic knowledge and understanding of school priorities, aims and objectives able to articulate strategic priorities, financial implications and objectives clearly understands the importance of setting and agreeing a viable financial strategy and plan which ensures sustainability and solvency understands the school's process for resource allocation and the importance of focusing allocations on impact and outcome delegates tasks to headteacher and promotes team working between governors and all staff 			
Able to identify viable options most likely to achieve the school's goals and objectives: <ul style="list-style-type: none"> will take difficult but necessary decisions able to analyse information provided by staff in a useful way is rigorous in questioning to understand whether enough is being done to drive 			

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Key Question in SFVS 2024:

- Does the school have a realistic, sustainable and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures? (Q6)
- Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? (Q8)
- Are there adequate arrangements in place to manage related party transactions and has a complete list of related party transactions been appended to the checklist document (see template for recording related party transactions)? (Q24)



Related Party Transactions (Q26)

26. Are there adequate arrangements in place to manage related party transactions and has a complete list of related party transactions been appended to the checklist document (see [template for recording related party transactions](#))

What this question means

Related party transactions

A related party transaction is a contract or other agreement between the reporting entity (in this case, school) and a person or entity that has close links with the persons awarding the contract. It is a concept that largely applies to companies, but the same principles apply to public bodies such as maintained schools.

Contracts or agreements with the school's maintaining local authority or with trustees of a voluntary school are not to be treated as related party transactions. Working through a school company set up by the school is also not a related party transaction. On school companies see [The School Companies Regulation 2002](#).

The principle is not that related party transactions should be avoided. Effective procedures should be in place to ensure that procurement procedures are followed, and any potential conflicts of interest declared and then adequately and appropriately managed.

Related party transactions which might arise in schools

A member of the governing body, or a member of staff, or a person, might have a stake in a company or organisation to be awarded by the school. The governor or member of staff should declare this interest as it arises and take no part in the procurement process.

How interests should be declared to avoid conflicts of interest

The principal route for this is the declaration of business interests (Question 4). However, if any situation arises which is not covered by the register of business interests, any governor or member of staff should look to err on the side of making a new declaration of interest rather than putting the school in a potentially difficult position where a relevant interest had not been declared.

Reporting related party transactions to your local authority

The school should have a record of any related party transactions that have been arrived at through proper procedures and should append this list to the checklist, using the [template for recording related party transactions](#).

A related party transaction may, in some cases, provide the best deal and the best value for money for the school. But to avoid any appearance of impropriety, the school should keep a record of any related party transaction and append it to the checklist. Contracts and agreements that are live in the year that the SFVS is being completed for need to be reported. These should continue to be reported until the year in which the contract ceases, at which point they can be removed from the list. Historic related party transactions are not to be reported.

Unlike in the academy sector, schools do not need to seek authorisation for related party transactions and this list is only intended to assist local authorities with regard to their duty to oversee and advise the schools they maintain.

It is recommended that local authorities pay closest attention to those related party transactions that are reported to them.

What to do if things are not right in your school

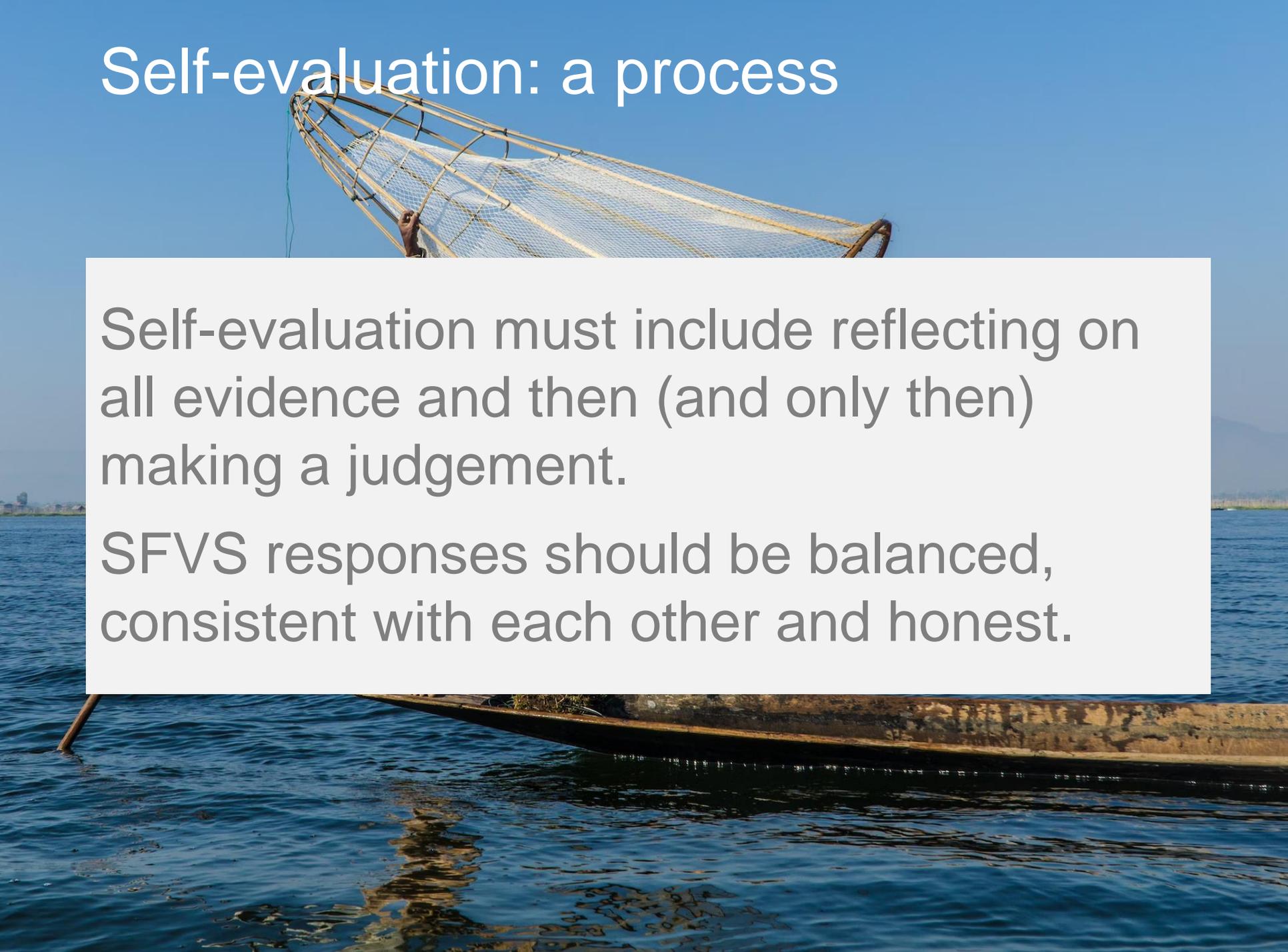
If you have an existing related party transaction that is not properly documented

You should immediately take steps to document the procurement process and the transaction as indicated above. If this suggests there may have been some impropriety, you should consider whether the school ought to extract itself from the contract or agreement and, if so, how this might best be done. Appropriate legal advice should be taken in this scenario.



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Self-evaluation: a process

A traditional fishing net is suspended from the side of a boat, extending over the water. The net is made of a fine mesh and is supported by a wooden frame. The boat is on a body of water, and the background shows a clear blue sky and distant land.

Self-evaluation must include reflecting on all evidence and then (and only then) making a judgement.

SFVS responses should be balanced, consistent with each other and honest.

Benchmarking:

Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line? (Q18)

- What benchmarking does your board engage in?
- What have you learned from benchmarking about your school?
- What actions have emanated out of benchmarking?



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Benchmarking guidance:

E. Value for money

18. Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line?

What this question means

Benchmarking and why it is important

Benchmarking is a process for comparing income, expenditure and staffing with that of similar schools. It helps schools to consider whether and how they can use resources more effectively and to identify where changes can be made. This process should be undertaken annually, but benchmarking can also be carried out at any time when reviewing school contracts for procuring goods and services. Schools should report their findings from benchmarking to the governing body.

We offer 2 key tools to support with this:

- [schools financial benchmarking](#), which is public-facing and open for anyone to use
- [view my financial insights \(VMFI\)](#), which provides users in schools and local authorities with an automated assessment of their school's data based on similar schools



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[Home](#) > [Bagshot Infant School](#)

Self-assessment dashboard

2022/2023 submitted data

Dashboard year 2022/2023 [?](#)

[Edit data](#)

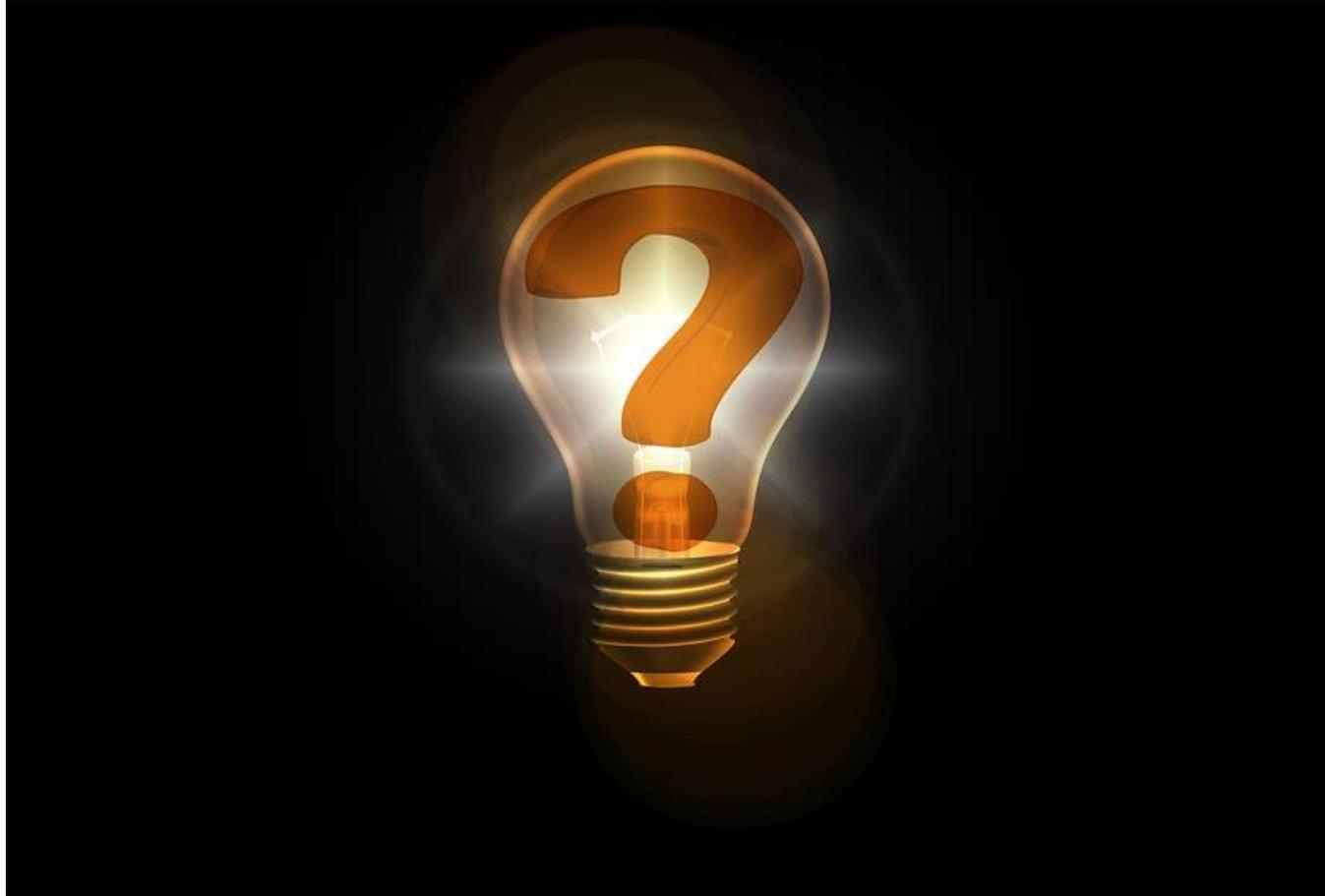
Reserve and balance

Assessment area	School data	% of inc.	Rating against thresholds
In-year balance	-£13,441.09	-1.2%	Medium Risk ?
Revenue reserve	£238,267.65	21.0%	Low Risk ?

Spending

Assessment area	School data	% of exp.	Rating against thresholds
Teaching staff	£444,967.78	38.7%	Lowest 10% of similar schools ?
Supply staff	£17,140.13	1.5%	Middle 20% of similar schools ?
Education support staff	£342,968.60	29.8%	Highest 10% of similar schools ?
Administrative and clerical staff	£44,338.96	3.9%	Broadly in line with similar schools ?
Other staff costs	£37,989.56	3.3%	Broadly in line with similar schools ?
Premises costs	£45,258.83	3.9%	Broadly in line with similar schools ?
Educational supplies	£34,943.51	3.0%	Broadly in line with similar schools ?
Energy	£30,470.76	2.6%	Highest 10% of similar schools ?

Questions?



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Further information

- DfE SFVS Guidance

<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>



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