

Value for Money Statement

Academy trust name: **Branston Academy Trust**

Academy trust company number: **7419660**

Year ended **31 August 2013**

I accept that as accounting officer of **Branston Academy Trust** I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year.

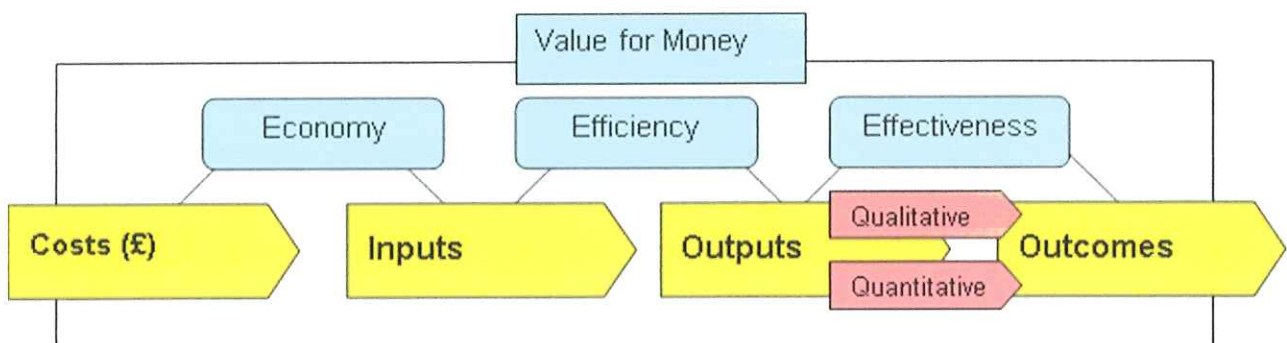
Context

Value for Money is widely described by Government, and other organisations including the Audit Commission, as striking the right balance between economy, efficiency and effectiveness. At Branston Academy Trust we believe it is important to have an understanding of the theoretical framework of this as well as being able to demonstrate its practical application.

The three Es of Value for Money can be defined as follows:

- Economy – minimising costs without compromising quality eg were rubbish sacks of the required quality purchased for the best price?
- Efficiency – the relationship between output in terms of goods, services or other results and the resources used to produce them eg was the cost of school meals minimised at the same time as enhancing the nutritional quality of the lunch provided to pupils?
- Effectiveness – the extent to which objectives have been achieved eg did the education programme improve examination success rates?

The diagram below illustrates the relationship between these concepts:



Best Value has been seen as a further development of VfM and was introduced as a statutory requirement for local authorities in 1999. While the same detailed requirements never applied to schools, they were expected to follow its four basic principles in order to ensure that money was spent wisely within a culture of continuous improvement and raising of school standards.

- Challenge – why, how and by whom an activity is carried out
- Compare – performance against other schools and between parts of each school
- Consult – involving stakeholders, especially pupils and parents
- Compete – as a means of securing efficient and effective services

These 4Cs provide a route for approaching value for money and are embedded into the routine operations and daily conversations and decisions within the academy.

Structure and Process

Financial oversight by governors is extremely rigorous and the accounting officer is required to report to monthly meetings of Standing Committee (the designated audit committee) as well as to the Finance and Resources Committee and meetings of the full governing body.

Standing Committee monitors financial risk and financial controls. During the year the academy took advantage of the resignation of the Responsible Officer to consider the alternative options available in the Academies Financial Handbook 2012 for the provision of a process for independent checking of financial controls, systems, transactions and risks. As a result of this review, the academy has chosen to invest in a comprehensive and professional programme of additional work from its external auditors.

The academy has a detailed set of financial regulations and a scheme of delegation which provide a framework for its financial operations. A considerable amount of time was devoted to constructing these on acquisition of academy status. They were written taking account of the individual structures and requirements of the new academy and are regarded as practical operational documents which are referred to, not as documents which sit unread and gathering dust. Both are reviewed annually to ensure that any new requirements, procedural changes or financial limits are incorporated. Standing committee works with the financial regulations and scheme of delegation to ensure regular review of issues such as delegation of duties, tendering processes, procurement card procedures and asset management. During 2012-13, a gifts and hospitality policy was incorporated into the financial regulations – it is considered that an all-encompassing set of regulations is more effective and easier to keep under review than a multiplicity of individual policies.

The quality and quantity of financial reporting is a high priority. During the year the Business Manager has successfully introduced a new financial management system providing better support for the quality of reporting, allowing optimum monitoring and scrutiny of academy income and expenditure as well as enhanced budgeting functionality and ease of completing reports required by the EFA. It was not the cheapest system available, but is considered to be value for money because it maximises the efficiency and effectiveness of the finance department by speeding up many regular tasks.

Staffing establishment (staffing numbers and distribution) is discussed and agreed upon in Staffing and Finance governor meetings annually. During the year the number of student support officers has been increased in order to provide targeted support to pupils attracting Pupil Premium funding with the aim of maximising the opportunities available to these pupils and improving their educational outcomes. Deploying the workforce effectively, with a focus on developing high quality teachers, is one of the seven characteristics of the most efficient schools as identified by the DfE (2013).

There is careful consideration of what money is to be spent on, with pupils' wellbeing, safety and educational outcomes always at the forefront of prioritising expenditure; this has also been identified as a question schools seeking to achieve value for money should ask themselves (Teachernet 2006). Curriculum departments receive an annual amount covering recurrent expenditure which is calculated according to pupil numbers and higher weightings for resource-heavy subjects. Further curriculum development funding is subject to competitive bidding.

On a monthly basis, the Accounting Officer (Principal) and Business Manager scrutinise monitoring reports in detail and with rigour. Particular areas of focus include variances in staffing expenditure, premises maintenance costs, progress against budget of major projects and energy costs.

The Business Manager also works within a network of local secondary schools (Lincoln Specialist Schools Support Group) to compare costs of goods and services and to collectively or collaboratively procure them where possible to achieve efficiencies as well as sharing expertise generally. The Business Manager also networks nationally through the Finance Directors Forum and the National Association of School Business Managers. Making good use of school clusters and networking is highlighted in the 2013 DfE review (2) as one of the seven characteristics of the most efficient schools. Making good use of financial benchmarking to inform spending decisions is another characteristic from the same report.

Specific Examples

Procurement procedures are considered very carefully and the Business Manager has recently attended procurement courses run by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Crescent Purchasing Consortium (CPC). Sometimes there are economies of scale by working collaboratively or by combining projects together, but on other occasions better value for money can be obtained by splitting work across more than one supplier. Likewise, the academy maintains a balance between using tried, tested and trusted suppliers, benchmarking or reviewing contracts regularly and obtaining economies and more effective use of financial and staff resources by entering into multi-year contracts or long-term agreements. A complete design, supply and install "turnkey" approach was used when redesigning the academy reception area during 2012-13. Individual elements of this were benchmarked to ensure value for money by comparing prices with alternative suppliers, but it was also considered that value for money was delivered overall because of the significant design elements of the project. Sometimes a more expensive option becomes better Value for Money because it involves targeting staff resources in a more focussed way or provides additional benefits. This demonstrates that the academy ensures value for money by challenging how and by whom a particular project or service is carried out, by carrying out comparisons and competitive procurement.

Several areas of flat roofing have been replaced recently– a number of areas of flat roofing were replaced via access to ACMF funding. We were able to maximise the area of coverage from the funding by using different contractors and individual tendering of phases. Contractors therefore had to submit competitive quotes across a range of systems, choice being informed by pre-contract discussions. As a result of this we were able to maximise the amount of work carried on at any one time and obtain value for money for the funding received.

An alternative approach was taken when formal tendering took place for a major project to extend the concert hall and nursery which began on site in summer 2013 and is due for completion spring 2014. Significant savings were made by including two smaller projects, an extension to the music block and refurbishment of the drama studio by aggregating tendering and management fees for these works with the major scheme. Economies of scale and effective use of contractor and internal staff resources have been further benefits, particularly when unforeseen problems emerged during the course of the works.

The Lincoln Seven Schools network of academy principal finance officers has facilitated over £20,000 of savings during the year. Most of this came from a building improvement contract where a new supplier recommended by one of the other schools proved to be much cheaper than the initial quote received. Further savings were generated by collective negotiation of prices on a regularly purchased commodity.

A long-term agreement over three years with an option to extend for a further two years is in place for the academy insurance, this generates an annual cost saving. Similarly, several contracts for premises-related services have been negotiated as a fixed price over three years, providing straightforward economies and efficient use of staff time. Great care is taken when negotiating contracts that any small print is perused in order to ensure that the services to be delivered are those actually required and that the academy does not tie itself into more or for longer periods than was intended. Sometimes savings can be made by organising contractors to work together – recently lighting and fire alarm maintenance were carried out during the same week using shared scaffolding.

Better income generation is one of the factors to be considered when assessing value for money (EFA August 2013). The nursery extension increases the business capacity of the operation by 25% with consequent impact on nursery fee generation. It is also regarded as an enhancement to the reputation of the academy and a benefit in terms of recruiting and retaining talented staff. There is also a programme of swimming lessons and regular lettings which increase the hours over which the academy's facilities can be used. Surplus reserves are diverted to variable term secure deposits according to predicted cash flows in order to maximise interest received.

It has already been noted that energy costs are monitored monthly. The Business Manager graphs monthly gas, electricity and water consumption which facilitates benchmarking against previous years and has led to the identification of leaks and peaks in consumption which require exploration or explanation. Heating temperatures are monitored carefully via the building management system and boiler optimisation has been installed to reduce gas costs. IT software has been purchased that centrally closes down all machines not turned off at the end of the day, saving an estimated £2,000 annually. Solar panels have been installed that are generating a

renewable component of electricity supply, represented by an annual income of approximately £3,000.

Internally driven benchmarking compares spend or in the case of energy, consumption, against that of previous years. The new finance system also provides profiles of anticipated monthly expenditure against actuals – in most cases this is on a monthly apportionment (ie total budget divided by 12), but for some expenditure headings, most notably energy, is has been profiled according to previous years' consumption. The annual financial statements already provide benchmarking analysis of financial performance in previous years and statistical benchmarking analysis has been carried out in the past pre-academy conversion using schools Consistent Financial Reporting data on the Government website. Some academy data is available for spending comparison purposes and both the Principal and Business Manager are keen to develop further use of external benchmarking. The DfE review (2013) uses 2011-12 data from maintained schools, so because of the additional LACSEG funding received by academies any comparisons need to be considered in the light of this additional funding and additional expenditure on what were previously local authority services. However it states that on average secondary schools spend 78% of their budgets on staffing and the overall level of efficiency that a school is able to achieve is clearly driven in large part by choices over staffing structures. Branston Community Academy spent 63.27% of its budget on staffing during 2012-13.

Educational outcomes for pupils, particularly as represented by value added scores, must be seen as a key indicator of value for money. Branston Community Academy's excellent local reputation, examination results and outstanding Ofsted status are well documented and speak for themselves as a measure of the academy's effectiveness.

Plans for the future

The finance department has a strategic plan which is driven by Value for Money objectives. During 2013-14 BACs payments will be phased in for suppliers and significant economies are expected from this, particularly in relation to reducing the costs of producing and posting cheques. Efficiency gains in relation to staff resources are also anticipated. Online payment facilities for parents and users of the academy's community focussed facilities will also be explored. There are monetary associated with this and the feasibility study to be carried out by the business manager will explore efficiency and effectiveness benefits.

Now that use of the new financial management system is embedded, it is anticipated that there will be more opportunities for carrying out benchmarking using national schools data, particularly in response to EFA plans in this area.

Enhancements to community sports activities are planned for 2013-14 to increase effective use of the academy premises. A new community gym will provide new opportunities for pupils and at the same time increase the opportunities for members of the public to use the academy's facilities.

Sound financial procedures have been identified as one of the key factors leading to value for money (Teachernet 2006) and as already mentioned above the academy is very confident in its financial regulations. Communication of these is crucial to embedding them as procedures throughout the academy and with all budget holders. With a view to making this easier, a much shorter procedural guide is planned.

References

Audit Commision (December 2013) www.audit-commission.gov.uk/about-us/values/

DfE (June 2013) *Review of Efficiency in the Schools System*

EFA (August 2013) *A Guide to Academy Value for Money Statements*

EFA (September 2012) *Academies Financial Handbook*

Teachernet (July 2006) www.teachernet.gov.uk

Signed: 

Name: PETER BEIGHTON

Academy Trust Accounting Officer

Date: 18/12/13