

Value for Money Statement

Academy trust name: **Branston Academy Trust**

Academy trust company number: **7419660**

Year ended **31 August 2014**

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.

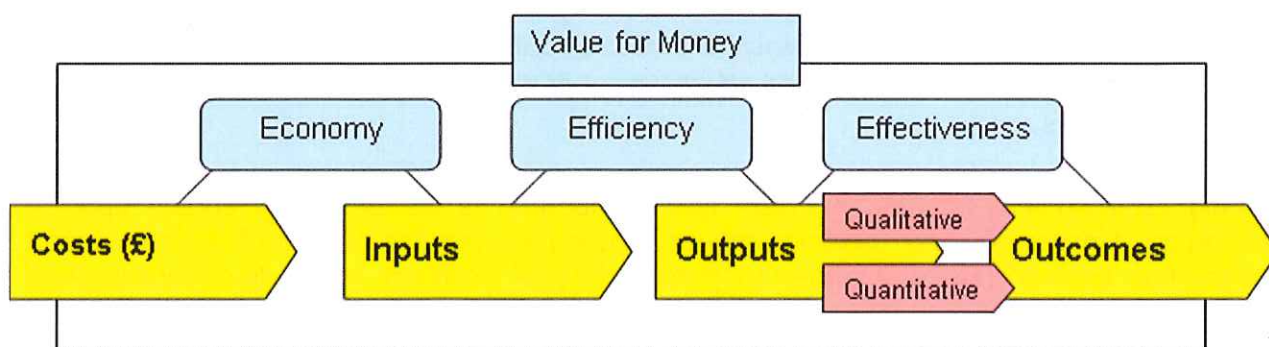
Context

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 as well as to the Finance and Resources Committee (the designated audit committee) and meetings of the full governing body.

Standing Committee monitors financial risk and financial controls. The academy has chosen to invest in a comprehensive and professional programme of additional work from its external auditors to provide a system of independent checking of financial controls, systems, transactions and risks as set out in section 3.2 of the Academies Financial Handbook

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. A gifts and hospitality policy has been 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. 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). The quality of teaching is recognised as “good and sometimes outstanding” in the Ofsted (2014) report and professional development opportunities to help teachers improve further are highlighted as a strength. This is achieved through a personalised approach to staff development where staff can choose sessions according to their career stage, aspirations and areas of interest. Staff development is often delivered by teachers which shares best practice and provides a development opportunity as well as reducing the need to pay for external facilitators.

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 and commitments, progress against budget of major projects and energy costs.

The Business Manager 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 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. 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.

Major building works are invariably tendered through a project management company with considerable experience of working in schools and a knowledge of the site stretching back many years. Benefits of this include specialist advice and compliance with public sector procurement requirements. There is also focus on value for money, for example on a scheme to extend the concert hall and nursery which was completed during 2013-14. 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 of the chosen approach to procurement.

Options appraisal challenges how a service is provided and in the case of photocopiers this involved assessing costs over the projected life of the equipment and the relative advantages and disadvantages of leasing against purchasing outright, combined with varying per copy charges. The Crescent Purchasing Consortium was used to provide comparative costs over various periods of comparable machines from different suppliers. This provided price benchmarking and competitive prices, supplier assurance and technical expertise in an area of procurement notorious for its pitfalls, as well as streamlining the process considerably. The result was a decision to lease rather than buy on a combination of cost and the risks of owning unreliable end-of-life machines.

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 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. For example, rather than adding to and thereby extending an existing contract, supplies were sourced from an alternative provider.

The Lincoln Seven Schools network of academy principal finance officers facilitated over £20,000 of savings during the year 2012-13, most of which was on premises improvement. While the network did not meet face to face during 2013-14, contact between members has continued to prove invaluable. Branston Community Academy was able to make small savings on a refuse contract when the existing supplier reduced charges to retain the business against the challenge of a negotiated group price from a rival supplier.

The challenge of who provides a commodity or service can be an uncomfortable one both internally and externally where it involves changes to longstanding suppliers and practices eg by centralising procurement of key items. Care also needs to be taken that service standard such as delivery and reliability are not compromised, however significant savings can be generated as in the case of bulk paper where costs during 2013-14 were reduced by more than 10% per ream resulting in a calculated saving of £1,000 on the year.

Purchasing value for money can also be obtained by the reverse approach ie devolving the buying process. Staff time is generally the key element in efficiency and issuing a purchasing card to the nursery has helped save time for nursery and finance staff.

Sometimes savings can be made by organising contractors to work together or carry out several jobs together. The Academy uses a building contracting firm which is proactive in reducing costs in this and other ways – during 2013-14 working at heights equipment was used for more than one job which reduced their overall cost. Similarly, a decision was taken to repaint the swimming pool while the facility was already closed for other building work, thereby reducing income loss from multiple periods of closure. Flexibility and ongoing consideration of options and issues is important with building works – for example the need to carry out additional preparation work to the pool before painting was unexpected and incurred significant cost and delays to completion, but in the long term secured value for money because the paint will last longer.

Better income generation is one of the factors to be considered when assessing value for money (EFA August 2013). An extension to the community nursery opened in autumn 2013, increasing the business capacity of the operation by 25% with consequent impact on nursery fee generation. It was also regarded as an enhancement to the reputation of the academy and a benefit in terms of recruiting and retaining talented staff. The extension was financed by historic unrestricted reserves prior to academy conversion and the nursery's reserves built up over the previous three years.

Also during 2013-14, unrestricted reserves were invested in the conversion of under-used space into a modern fitness suite. This is a community-focussed facility which increases the potential for income generation. In addition, it provides opportunities for pupils as customers and employees which has financial as well as educational benefits. 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.

Overall, energy costs met from grant funding are approximately £20,000 higher than similar academies (Zalpa 2014). This is seen as a reflection of having buildings dating back to the 1950s and more individual blocks than many schools, but it does not mean that the academy is complacent about opportunities for cost reduction. 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. A new telephone system was installed during 2012-13 and at the end of 2013-14 it was apparent that the anticipated savings on telephone landline charges had materialised and were excess of £4,000 per annum. 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 provide benchmarking analysis of financial performance against previous years. 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 67.96% of its budget on staffing during 2013-14. Using Zalpha benchmarking data from the 2012-13 Accounts Return and comparing with non-selective academies outside London with 6th forms, expenditure on teaching and education support staff is slightly above the median, while expenditure on administrative and clerical staff is significantly lower, approximately half of the median. The Academy has slightly more self-generated income than the median which would be expected due to its community facilities. Using the Zalpha summary from EFA benchmarking data shows expenditure on total learning resources from grant income is higher than the median. This data could be read as evidence that expenditure is focussed on direct education costs.

Educational outcomes for pupils, particularly as represented by examination results and value added scores, must be seen as a key indicator of value for money and speak for themselves as a measure of the academy's effectiveness. Ofsted (2014) judged that "by the time students leave Branston Community Academy, most have made good, and sometimes outstanding, progress across a range of subjects".

Plans for the future

The finance department has a strategic plan which is driven by Value for Money objectives. Making and receiving payments online has efficiency and effectiveness benefits and in some cases are more economical as well. During 2013-14 BACs payments were tested and they will be extended for suppliers during 2014-15. 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 users of the academy's community focussed facilities were introduced during 2013-14 and will be extended for parents during 2014-15. A feasibility study into cashless catering is being carried out by the business manager.

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 and the level of compliance with them. However, being confident that strong financial controls exist does not mean that there is no scope for improvement. Areas where better internal controls could be in place are the community gym and nursery, particularly in relation to segregation of duties, accurate recording of income and debtor management. Specialist software is seen as the solution to these issues, and will be a priority for 2014-15.

Communication of financial regulations is crucial to embedding them as procedures throughout the academy and with all budget holders. To make this easier, a much shorter procedural guide is in the process of being written.

There are contracts where end dates are being monitored closely because it is considered that lower priced alternatives can be found or the service / supplies are no longer required. These can

be seen as examples of learning from and reviewing past decisions and approaches in order to make the budget go further.

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, as already reflected in the analysis on this year's Value for Money Statement.

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 2013) *Academies Financial Handbook*

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

Ofsted (December 2014) *Branston Community Academy Inspection Report*

Zalpha Ltd Academy (May 2014, November 2014) *Financial Benchmark data*

Signed:

Name:

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Signed: 

Name: PETER BEIGHTON

Academy Trust Accounting Officer

Date: 17/12/14

