



**Confederation
of School Trusts**

Academy autonomy, the NFF and achieving financial stability

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The Voice of School Trusts



What do we want from a National Funding Formula?

The overall national education budget should be set such that all educational institutions can be funded at a level that enables them to provide an outstanding quality of education for their students.

A recognition that education spending is an investment for the nation's future and in its future workforce

As such, it should reflect the expectations of the nation in having a world class education system.

National Funding Formula

To achieve long term financial stability the system needs a National Funding Formula that delivers:

- Sufficiency
- Transparency
- Fairness
- Predictability

National Funding Formula

Its features and methodology are well understood

- Basic per pupil funding
- Additional needs funding
- School led funding
- Geographical funding (Area Cost Adjustment)
- Protection funding (Funding floor)

Whether the distributional balance is 'right' is probably an on-going discussion.

This year we see the rolling of the Teachers' Pay Grant and the Teachers' Pension Employer Contribution Grant (and pension supplementary fund) into the NFF and an update to the 2019 Income Deprivation Affecting Children Index (IDACI) with a banding structure change



National Funding Formula

Still not at NFF as into 2022/23 local formulae will continue to determine allocations ('soft' NFF)

Will it be full NFF by 2023/24?

Trusts required to submit 3 year budget forecasts

CST Principles of good financial planning

1. Financial planning should be led by organisational and curriculum design - curriculum is the core business of any school or trust and the school or trust should be clear about its curriculum ambition;
2. Efficiency, probity and ethics in the use of public funds are first and foremost about public sector values – the Nolan principles of public life should guide us at all times;
3. Schools and trusts should seek to achieve the best possible educational and wider social outcomes through the economic, efficient and effective use of resources;
4. Tools for strategic financial planning, including ICFP, are first and foremost about being in control of spending decisions – it is primarily about where we spend and how we invest public money, not where we cut.

AFH – Trust Board Responsibilities

The trust board must ensure that budget forecasts, for the current year and beyond:

- are compiled accurately
- based on realistic assumptions
- include any provision being made to sustain capital assets
- are reflective of lessons learned from previous years

Accounting Officer: Sign off responsibilities

These include:

- there is efficient and effective use of resources (value for money)
- public money is spent for the purposes intended by Parliament (regularity)
- appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety)

Strategic Financial Planning

Good strategic financial planning requires sound data (the known knowns) and certain assumptions (the known unknowns)

Some information is relatively secure e.g. pupil numbers

Other variables have to be estimated

- Funding levels for years 2 and 3 including other grant income
- Staffing costs
- Non-pay expenditure

Is the Trust planning to grow – impact on finances?

Then there are the ‘unknown unknowns’

The Trust’s appetite for risk

A sound reserves policy

Coronavirus impact

Financial impact has been complex and variable

- Reduced income, as no lettings
- Significant investment in technology
- 70% surveyed schools saved on supply staff
- Reduced maintenance costs
- Energy and utility savings
- Reduced educational supplies
- Specialist cleaning costs and PPE
- Building organisational adjustments

Recovery package

- Recovery Premium
- National Tutoring Programme (NTP)
- Face to Face summer schools (funds to secondary schools)
- On-line resources (provided by Oak National Academy)

Sir Kevan Collins – it is a long term project

GAG Pooling

A Multi Academy Trust (MAT) has the freedom to amalgamate a proportion of GAG funding for all of its academies to form one central fund. This fund can then be used to meet the running costs of any of the constituent academies within the trust.

Number of Trusts GAG pooling has doubled in 2020, but still a slow increase

Whose money is it?

GAG pooling supports the fact that MATs are single financial entities which are responsible for the sustainability of all of their constituent schools and can be used to:

- redistribute funds between schools to meet specific needs e.g. cope with a temporary dip in numbers
- smooth out disparities in funding between schools within a MAT
- direct funds to schools that need to raise educational standards
- direct funds to schools that require investment in facilities
- direct funds to facilitate MAT policies that are being implemented to support the trust's vision and improvement plan
- Provide financial security to individual schools in event of an emergency

Whose money is it?

What brings about reluctance to pool GAG?

- a perceived loss of autonomy and control at a school level
- Unfair if our reserves are removed

To be effective GAG pooling first needs cultural change

A change in the language 'Trust funding' not 'top slice'

Emphasis moves:

- **away** from local consideration of the impact of budgetary decisions on their individual school's pupils
- **to** all leadership and governance in a MAT considering the impact of decisions on all of the MAT's pupils

Will the pandemic have changed the way in which education is delivered forever?

If so, what are the implications for strategic financial planning?

“There is no trust more sacred than the one
the world holds with children.”

Kofi Annan, *THE STATE OF THE WORLD'S CHILDREN*, 2000





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Thank you

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