

**Open Report on behalf of Debbie Barnes, Executive Director of Children's Services**

Report to:	<b>Schools Forum</b>
Date:	<b>04 October 2017</b>
Subject:	<b>Schools Financial Value Standard (SFVS)</b>

**Summary:** The purpose of this report is to provide an update on the Schools Financial Value Standard (SFVS).

**Recommendation(s):**

The Schools Forum is asked to note the content of the report.

## Background

### Introduction

As reported in previous years, the Department for Education (DfE) launched the SFVS after the Financial Management Standard in Schools (FMSIS) was withdrawn by the Secretary of State in November 2010. The SFVS is mandatory for maintained schools and is intended to assist schools in managing their finances and to give assurance that they have secure financial management in place. Governing bodies have formal responsibility for the financial management of their schools, and the standard is primarily aimed at governors. There are 25 questions that governors should formally discuss with school staff and a declaration signed by the Chair of Governors must be sent to the Local Authority (LA) each year. The SFVS is not externally assessed. Academies and Free Schools are not required to complete the SFVS because it would duplicate their financial monitoring and assurance requirements through the Education & Skills Funding Agency (ESFA). Maintained nursery schools and Pupil Referral Units are required to complete it. LAs are expected to audit a school or issue a notice of concern when the SFVS is not completed. The ultimate sanction that remains is for the LA to withdraw delegation of funding to a school.

Access to the DfE's information on the SFVS is available via this link:

<https://www.gov.uk/guidance/schools-financial-value-standard-and-assurance-sfvs>

### The 2016/17 position

Maintained schools are required to complete the SFVS by 31<sup>st</sup> March each year.

The position for 2016/17 was set out in a statement sent by the LA to the DfE on 30<sup>th</sup> May 2017. It stated that:

- 5 maintained secondary schools
- 198 maintained primary schools
- 7 maintained special schools
- 5 maintained nursery schools
- 0 Pupil Referral Unit
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had submitted their completed SFVS return to the LA by 31<sup>st</sup> March 2017.

9 schools did not submit their return and were exempt on the grounds that they were in the process of converting to an academy and 1 school closed during the year.

Discounting these schools, the return showed only 3 primary schools across the maintained school sector that had failed to submit the completed return by the due date. The LA's Schools Finance Team contacted those schools to press for submission of their returns, and all the outstanding schools submitted their returns by 30<sup>th</sup> June 2017. The LA has recently reviewed its Monitoring and Intervention Policy. In future years, where a school is late in submitting its SFVS it will trigger the Monitoring and Intervention Policy.

As reported previously, the SFVS provides a lighter touch approach compared to FMSIS. It is not externally assessed; there is no prescription regarding the level of evidence that the governing body is required to provide. Governors are expected to work closely with their school to robustly go through the SFVS, to ensure that financial arrangements are adhered to and where weaknesses are identified that steps are taken to address these. The LA provides Financial Management training for governors to assist in their financial knowledge to enable them to make sound financial decisions.

The government expects LA's to use schools' SFVS returns to inform their programme of financial assessment and audit, and to check whether the self-assessment is in line with their own judgement when an audit is undertaken. The school's SFVS is only one of many measures that the LA uses to judge the effectiveness of a school's financial management. In addition to a high level review of submitted SFVS (officers are only able to check that a return was submitted on time and that the entries against each question appear reasonable), the LA will continue to review schools' budget returns and medium term finance plans at the start of each year; to perform high level monitoring of school finances throughout the year; work closely with schools that have overspent to help recover the position; provide advice and guidance to schools on a day-to-day basis, and; to deliver an extensive training programme for school staff and governors.

### **Academies**

The SFVS does not apply to academies, although they are free to use it. Academies are required to comply with the Academies Handbook.

### **Conclusion**

Schools Forum is asked to note the content of the report.

## Consultation

### a) Have Risks and Impact Analysis been carried out??

n/a

### b) Risks and Impact Analysis

n/a

## Appendices

These are listed below and attached at the back of the report
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None

## Background Papers

Document title	Where the document can be viewed
Schools Financial Value Standard (SFVS)	<a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?Clid=166&amp;MId=4576&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?Clid=166&amp;MId=4576&amp;Ver=4</a>
Schools Financial Value Standard (SFVS)	<a href="https://www.gov.uk/guidance/schools-financial-value-standard-and-assurance-sfvs">https://www.gov.uk/guidance/schools-financial-value-standard-and-assurance-sfvs</a>

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