

# **SAMPLE GUIDANCE NOTES**

## **FINANCIAL COMPETENCIES FOR THE GOVERNING BODY WHISTLEBLOWING POLICY & SCHOOLS' FINANCIAL BENCHMARKING GUIDANCE**

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Department for  
**Education**

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**Question 1. In the view of the Governing Body itself and of senior staff, does the Governing Body have adequate financial competence among its members to fulfil its role of challenge and support in the field of budget management?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<p><b>The main financial competencies needed by the governing body.</b>  <i>The Governing Body is able to:</i></p> <ol style="list-style-type: none"> <li>1. <i>provide strategic leadership including:</i> <ul style="list-style-type: none"> <li>• <i>linking the development of strategic plans with available resources;</i></li> <li>• <i>identifying viable options and selecting or recommending those most likely to achieve the school's goals and objectives; and</i></li> <li>• <i>understanding the best financial management practice and moving the school towards it.</i></li> </ul> </li> <li>2. <i>ensure accountability which includes:</i> <ul style="list-style-type: none"> <li>• <i>understanding the statutory and local authority financial requirements applying to the school;</i></li> <li>• <i>undertaking appropriate budget setting and budget monitoring activities; and</i></li> <li>• <i>communicating the school's financial performance to parents and the public.</i></li> </ul> </li> <li>3. <i>act as a critical friend which includes:</i> <ul style="list-style-type: none"> <li>• <i>using analytical skills to challenge constructively</i></li> <li>• <i>asking probing questions of the school management.</i></li> </ul> </li> </ol>
<b>2</b>	<p><b>Why it is important for the Governing Body to have adequate financial competencies.</b>  <i>It is essential for the Governing Body to have access to adequate financial competencies 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 (&amp; Finance Committee or equivalent) should have these competencies among them.</i></p>
<b>3</b>	<p><b>Why it is important for the Governing Body to challenge and support the Head Teacher.</b>  <i>The governing body has a statutory responsibility to support and challenge the head teacher (see point 4). Members of the governing body do this to ensure that:</i></p> <ul style="list-style-type: none"> <li>• <i>resources are deployed appropriately in line with the school's priorities;</i></li> <li>• <i>planned levels of financial performance are achieved;</i></li> <li>• <i>the school avoids incurring financial loss and waste; and</i></li> <li>• <i>the school receives favourable audit assessments.</i></li> </ul>
<b>4</b>	<p><b>What the key financial roles of the governing body and its committees are.</b>  <i>The governing body is given its powers and duties as an incorporated body. The statutory responsibilities of the governing body are</i></p>

	<p>detailed in section 21 of the Education Act 2002.  <i>Their key financial roles are:</i></p> <ul style="list-style-type: none"> <li>• <i>manage the school budget;</i></li> <li>• <i>decide on how to spend the delegated school budget, depending on any conditions set out in the LA Scheme;</i></li> <li>• <i>be consulted by their LA on funding;</i></li> <li>• <i>ensure accurate school accounts are kept;</i></li> <li>• <i>determine the number and type of staff and a pay policy in accordance with the School Teachers Pay and Conditions; and</i></li> <li>• <i>act as a 'critical friend' to the Head Teacher by providing advice, challenge and support.</i></li> </ul>
<b>B</b>	<b>Good Practice</b>
<b>5</b>	<p><b>The school should identify whether the governing body has the right skills.</b>  <i>Schools should analyse their governing body's skills to identify any skills gaps. The governing body's skills should be reviewed whenever appropriate, for example if there are significant changes to the membership or to individual governors' roles and responsibilities. A good way for a school to assess their governing body's current skills is to use a matrix that summarises the main financial management competencies that the governing body should have. The matrix will help governors identify the skills they have and those that collectively they need to acquire.</i></p> <p><i>See section 8 for further information on how to access an example financial skills matrix. The matrix covers a set of key financial areas, and asks governors to assess whether the key areas are embedded, improving or not in place in their school. Once the school has assessed the areas, they can put in place key actions to help progress the governance in these areas.</i></p>
<b>6</b>	<p><b>The governing body should not only have but should be seen to have adequate financial competencies.</b>  <i>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 competencies, and might wish to explain how they meet this requirement on their website and in reports to parents.</i>  <i>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.</i></p>
<b>C</b>	<b>What do you do if things are not right in your school?</b>
<b>7</b>	<p><b>What to do if your school's governing body doesn't have adequate financial competencies.</b>  <i>If your governing body doesn't have adequate financial competencies, you should identify which specific competencies are lacking. You should think about:</i></p> <ul style="list-style-type: none"> <li>• <i>what the governing body's collective training needs are;</i></li> <li>• <i>whether individual governors have the right skills for their particular role;</i></li> <li>• <i>who the best person is to fill each skills gap;</i></li> </ul>

- the best way for a governor to acquire a specific competency; and
- how additional skills can be acquired through recruitment.

*This can then be developed into an action plan to address the current skills gaps. (See point 8 below for further information on this matter)*

## **8 Further information**

*Your local authority should be able to provide further information and support. In addition, these websites provide help and advice:*

**1. Department for Education** ([www.education.gov.uk](http://www.education.gov.uk)) – you can find information on finding, appointing, training and managing school governors at: <http://www.education.gov.uk/schools/leadership/governance>  
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/b0069984/vfm/governance> - here you can find financial and efficiency information relating to the governing body including a governing body health check tool and an example skills matrix.

**2. National Governors Association (NGA)** – [www.nga.org.uk](http://www.nga.org.uk) This website provides guidance on everything relating to governors including online finance training.  
 NGA Headquarters, Ground Floor, 36 Great Charles Street, Birmingham, B3 3JY  
 Tel: 0121 237 3780

**3. School Governors One- Stop Shop (SGOSS)** [www.sgoss.org.uk](http://www.sgoss.org.uk). This website provides information on recruiting volunteers to serve on school governing bodies.

Any school having difficulty recruiting governors with financial expertise can seek assistance from SGOSS. You can find further information about this via this weblink: [www.sgoss.org.uk/schools/](http://www.sgoss.org.uk/schools/)  
 School Governors One-Stop Shop, Unit 11, Shepperton House, 83-93 Shepperton Road, N1 3DF  
 email : [info@sgoss.org.uk](mailto:info@sgoss.org.uk) & tel: 020 7354 9805

**4. Direct Gov** [www.direct.gov.uk](http://www.direct.gov.uk) – provides a brief outline of governors' responsibilities and information on how to become a school governor: [www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Gettinginvolvedwithschoolsandyourchildseducation/DG\\_10038366](http://www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Gettinginvolvedwithschoolsandyourchildseducation/DG_10038366)

**Question 22. Are all staff aware of the school’s whistleblowing policy and to whom they should report concerns?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<p><b>What whistle blowing is.</b>  <i>Whistle blowing means the confidential raising of problems or concerns within an organisation (school) or within an “independent review structure” associated with that organisation (in this case your LA). It provides protection for individuals who disclose malpractice and wrongdoing.</i></p>
<b>2</b>	<p><b>Why it is important to schools.</b>  <i>It allows individuals to bring to notice such matters as malpractice, wrong-doing and victimisation. As this process is confidential, individuals are more likely to do it.</i></p>
<b>3</b>	<p><b>What issues are covered by whistle blowing.</b>  <i>Malpractice and wrongdoing will include the following, but the precise coverage and terms used can vary:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Any unlawful act, whether criminal or a breach of civil law;</i></li> <li>▪ <i>Maladministration, as defined by the Local Government Ombudsman;</i></li> <li>▪ <i>Breach of any statutory Code of Practice;</i></li> <li>▪ <i>Breach of, or failure to implement or comply with Financial Regulations or Standing Orders;</i></li> <li>▪ <i>Any failure to comply with appropriate professional standards;</i></li> <li>▪ <i>Fraud, corruption or dishonesty;</i></li> <li>▪ <i>Actions which are likely to cause physical danger to any person, or to give rise to a risk of significant damage to property;</i></li> <li>▪ <i>Loss of income to the school;</i></li> <li>▪ <i>Abuse of power, or the use of the school’s powers and authority for any unauthorised or ulterior purpose;</i></li> <li>▪ <i>Discrimination in employment or the provision of education; and</i></li> <li>▪ <i>Any other matter that staff consider they cannot raise by any other procedure.</i></li> </ul>
<b>B</b>	<b>Good Practice</b>
<b>4</b>	<p>The school must have a whistle blowing policy in place.  <i>All schools should have a whistle blowing policy in place and governing body minutes should record that they do. This policy should be based on the LA policy (which applies to all schools within their remit) and should be tailored as appropriate for your school.</i></p>
<b>5</b>	<p>The school staff must have someone trustworthy to report their concerns to.  <i>The governing body should agree one or more members of the school’s staff whom staff can report concerns to; but also make known to staff one or more people at the LA their staff can report concerns to if they feel a need to go outside the school. All school staff should be made aware of this information.</i></p>

<b>C</b>	<b>What do you do if things are not right in your school?</b>
<b>6</b>	<p>Making or improving your whistle blowing policy</p> <p><i>If your school does not have a current whistle blowing policy, the LA will have one which applies to all schools within their remit. You could contact them for a copy of this and/or further advice. You should think how this policy could be tailored so that it fits the specific circumstances of your school and ensure that you have appointed named member(s) of staff whom other staff can report concerns to.</i></p>
<b>7</b>	<p>Making staff aware of the school's whistle blowing policy</p> <p><i>If staff are not currently aware of the whistle blowing policy, they should be informed about it and it should be made available for all to see. In particular, they should be made aware of:</i></p> <ul style="list-style-type: none"> <li>▪ <i>That the protection is available to all members of staff (including e.g. temporary staff and contractors);</i></li> <li>▪ <i>The areas of malpractice and wrongdoing that are covered; and</i></li> <li>▪ <i>The routes available within the school and your LA for raising issues.</i></li> </ul>
<b>8</b>	<p><b>Further information</b></p> <p><i>Further information should initially be sought from the staff appointed by your LA to deal with whistle blowing. This will almost certainly be on a confidential basis.</i></p> <p><b><u><a href="http://www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace">www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace</a></u></b></p> <p><i>The <b>Directgov</b> website provides useful information on whistle blowing policy in public sectors:</i></p> <p><b><u><a href="http://www.pcaw.co.uk">www.pcaw.co.uk</a></u></b></p> <p>The charity <b>Public Concern at Work</b> provides support for organisations on whistle blowing and confidential independent advice to workers who have concerns about some wrongdoing in the workplace.</p> <p><b>To contact Public Concern at Work</b></p> <p>Write to: Suite 301  16 Baldwins Gardens  London EC1N 7RJ  Telephone: 020 7404 6609  Email: <a href="mailto:services@pcaw.co.uk">services@pcaw.co.uk</a></p>

**Q14. Does the school regularly benchmark its expenditure against that of similar schools and investigate further where any category of spend appears to be high?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<p><b>What is benchmarking and why it is important</b>  <i>Benchmarking is a process for comparing expenditure in detail with that of similar schools to consider whether and how your school can use resources better. The purpose of benchmarking is to improve the use of resources by identifying where changes can be made. Ideally, 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.</i></p>
<b>2</b>	<p><b>The information schools use to benchmark their expenditure</b>  <i>All maintained schools submit their expenditure data using the Consistent Financial Reporting (CFR) framework which schools use to code their income and expenditure. This standardised set of codes enables schools to compare their expenditure with that of similar schools. Schools can produce simple charts and reports for governors to show how their money is spent in comparison to other schools.</i></p> <p><i>Within the benchmarking website, there are 3 ways of selecting comparator schools against which to benchmark:</i></p> <ul style="list-style-type: none"> <li><i>- <b>Statistical neighbours</b> allows schools to select a number of the most similar schools based on criteria they select;</i></li> <li><i>- <b>Manual selection</b> allows schools to select other schools based on a range of values for each of the chosen criteria; and</i></li> <li><i>- <b>Specific schools</b> allows schools to select specific schools by name and local authority within the same school phase</i></li> </ul> <p><i>Some local authorities provide their own benchmarking data as an alternative to the national website.</i></p>
<b>3</b>	<p><b>Why schools need to benchmark against similar schools</b>  <i>So that meaningful comparisons can be made when comparing expenditure. If a school compares itself to all schools or a random group then the differences in spending are likely to reflect the schools' different circumstances, such as proportions of deprived pupils, rather than help the school identify ways to secure better value for money in its spending.</i></p>
<b>B</b>	<b>Good practice</b>
<b>4</b>	<p><b>All schools should ensure they are benchmarking effectively</b>  <i>Schools should use benchmarking as a contributing factor to:</i></p> <ul style="list-style-type: none"> <li><i>• Planning and managing their budget;</i></li> <li><i>• Identifying areas for improved use of resource;</i></li> <li><i>• Setting targets for improved use of resource;</i></li> <li><i>• Achieving best value in expenditure,</i></li> <li><i>• Improving the effectiveness of expenditure to improve performance; and</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Delivering educational services to a defined standard.</i></li> </ul> <p><i>Benchmarking your expenditure can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking is not used solely to focus on reducing costs, but to also improve the quality and impact of the school's services. Benchmarking can be most effective where done in collaboration with other schools, and can be used as a tool for improving or bringing about change and raising standards.</i></p>
<b>5</b>	<p><b>Selecting the right schools to benchmark against</b></p> <p><i>It is important to select the right cohort of schools to benchmark against, based on your own school characteristics. You should be selecting "like for like" to get a better understanding of your school expenditure and that of other schools in the benchmark set you have selected. The characteristics of your selected benchmark set should allow sound comparisons to be made, enable you to ask questions about different categories of spending and encourage constructive discussions with comparator schools to help your school make changes in performance over time. Typical parameters for selection would include area, school size and percentage of deprived pupils.</i></p>
<b>6</b>	<p><b>Interpreting the chart data for your school and others</b></p> <p><i>Care should be taken when interpreting comparative income and expenditure data. Objective information of this sort describes the position of a school relative to other schools: it does not in itself explain why a school is in this position, or provide a view on whether it should be in this position. There may be very good reasons for a school to have relatively high or low figures. What is important is that school governors and managers review the differences, question the reasons for them and aim to make changes where there are not adequate reasons for their spending being high in a particular category.</i></p>
<b>C</b>	<p><b>What to do if things are not right in your school</b></p>
<b>7</b>	<p><b>What to do if your school does not regularly benchmark</b></p> <p><i>The school should begin to benchmark immediately. Information about the national benchmarking site is in section 9. The local authority is also a source of advice on benchmarking. As all schools are responsible for spending large amounts of public funds each year they need to demonstrate value for money to parents, auditors and regulators by showing that this money is being well spent to achieve the best outcomes for children.</i></p>
<b>8</b>	<p><b>What to do if a category of spend appears to be too high</b></p> <p><i>First, you should consider whether your school has particular circumstances that create valid reasons for this high spending. If there are not, you should consider what factors have led to this high level of spending and then how the use of these resources can be improved in the future.</i></p>

**9 Further information**

*There are a number of sources that schools can use to begin or improve their use of benchmarking.*

*The national benchmarking website holds data for all maintained schools since 2002. This website provides data that reflects the expenditure codes that schools use to submit their annual CFR returns. It enables comparisons to be made with other similar schools. Schools can access the Schools Financial Benchmarking (SFB) website via this link.*

*<https://sfb.teachernet.gov.uk/login.aspx>*

*Schools can also contact their local authority to obtain any benchmarking data that their authority has. Such data usually relate to schools within a single authority and can therefore be comparable and easy to interpret. Schools could focus on data relating to a particular area of concern.*

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