October 2020

Governors' Update:
Financial Position @ March 2020

FINANCIAL YEAR ENDED MARCH 2020

The financial year for maintained schools, like St Cross, runs from April to March each year, not in line with the academic year.

Grant Funding is provided from the Local Authority, and schools are free to make decisions on how to spend their budget for the purposes of their school.

One of the core functions of a school's governing body is to oversee the financial performance of the school and to make sure its money is well spent.

The Finance Committee reviews regular financial reports and then shares their findings and discusses proposals with the full governing body.

St Cross is supported by the finance team at Herts for Learning, who visit school 10 times a year.

The March 2020 figures in this report are still provisional, as they have not yet been published by the Education and Skills Funding Agency. When published, these are posted to the schools financial benchmarking service.

KEY TAKEAWAYS

For the past five years St Cross has spent more than has been received in funding and income.

In-year deficit positions can be acceptable if the school remains financially sustainable.

For the financial year ended March 2020, Expenditure was £1.07m and Income was £1.02m, resulting in a £51k deficit balance.

Governors consider not just the absolute figures, but also the amount per pupil. Last financial year income per pupil rose by £97, but expenditure increased by £314 per pupil to £4,968.

When the governing body reviews school's financial performance, we also reflect on the comparable financial position and performance of other similar schools.

Unless there is a reduction in the costs per pupil, or a greater increase in funding, there will be further risk to the school's Reserve.

ST CROSS FINANCIAL TRENDS

The amount of grant funding and the total staff costs are the key income and expenditure drivers reviewed by governors.

After annual increases of between 1-2%, grant funding was flat in 2019, but increased by 1.8% in the last financial year. Grant funding is based on the number of pupils on roll. As a Grant Maintained school, the rate per pupil is decided by the Local Authority.

The targeted grant funding typically comprises 3% of total funding. The funding per pupil reduced by 14% last year, due to changing pupil characteristics.

This funding includes the Pupil Premium, Universal Infant Free School Meals, PE & Sports Grant and Higher Needs Top-Up funding.

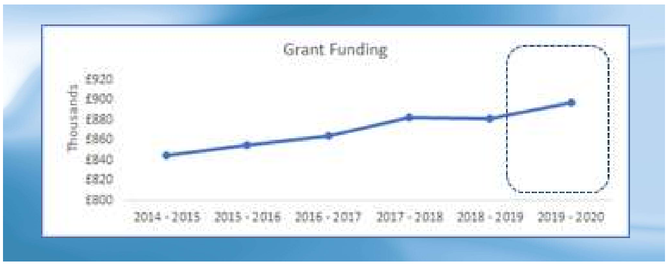
Teacher, supply and educational support staff costs combined have comprised 85% of total staff expenditure since 2017.

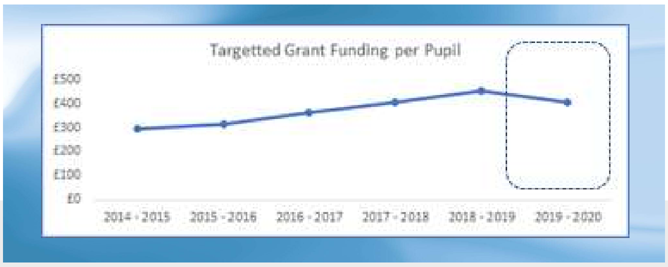
Total staff costs typically account for 83% of grant funding, although increased to 88% last year.

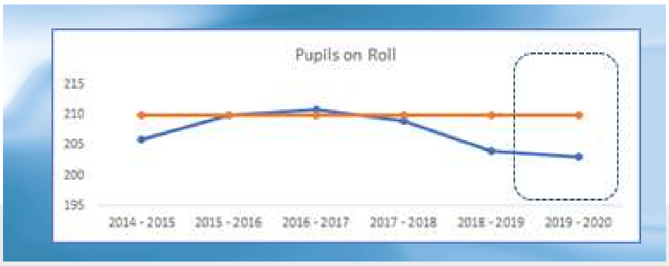
School pupil capacity is 210, but pupil numbers have been declining since 2017. Whilst the Reception class intake has always been full, in-school mobility has not always been replaced.

A Financial Recovery Plan has been agreed with governors, to restore financial sustainability.

Both the Diocese and the Local Authority recognise the funding challenge. They continue to support school as we progress our Financial Recovery Plan







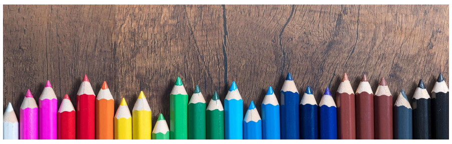
Other schools face similar financial challenge. We need to be more informed about our spending and more accurate in our forecasting.

PEER GROUP COMPARISON

Each year the governing body reviews school's financial performance relative to peer schools, using per pupil metrics.

The Schools Financial Benchmarking Service, part of the Department for Education, selects 14 other primary schools across England with the closest characteristics.

Examples of the characteristics chosen are the percentage of pupils eligible for free school meals, with special educational needs or disabilities, and with English as an additional language.



Governors asked:

Our in-year balance is again in deficit. Are other similar schools facing this challenge?

Ten of the fifteen schools in the peer set also spent more than they received in funding. St Cross was ranked tenth best, with expenditure at £34 per pupil more than income received.

An Ofsted review in Feb 2020 found that 42% of primary school Head Teachers included in the study predicted that their school would be in debt by the end of the 2019-20 financial year.

Our income comprises both grant funding and self-generated income. How different is the income mix in our peer set?

Self-generated income includes a) facilities and services, at St Cross was £293 per pupil, including income from the before and after school clubs, and b) contributions to visits, £128.

St Cross had the fourth highest self-generated income per pupil in the peer set, indicating that the school surplus is more susceptible to movements in self-generated income than most.

Income from before and after school club provision is based on the number of pupils attending each session and the fee set. Income needs to cover the cost to provide these services.

How does our cost profile differ from the other schools within our peer set?

Detailed review revealed that the costs per pupil for Staff and for Supplies & Services were relatively high compared to the peer schools.

The next financial benchmarking review will be when the financial year ended March 2020 figures are available.

The governing body has asked for:

An integrated curriculum and financial plan, so we can ensure school can afford the curriculum we provide.

A review of our own extra-curricular activities, which will include a cost / benefit and pricing analysis.

Changes to our payment terms to improve school's cashflow.

Enhancements to our own procurement process so we can forecast with more accuracy.

Further opportunities to share business resource and best practice with other schools or increase the level of support we buy in from the Herts County professional services team to supplement our own capabilities.