



School Resource Management Adviser Recommendations Report

Report Prepared by: (SRMA name and email)	Claire Anthony canthony@magnalearningpartnership.org.uk
Report Prepared for Organisation Name	Solent Academies Trust
Report Completed by (SRMA) name and email	
Key contact at the organisation – name and email	Marie Singleton, Chief Finance and Operations Officer marie.singleton@solentacademiestrust.info
Recommendations shared with school / trust?	Yes
Date report submitted	31 October 2019
Deployment start date	17 May 2019

Total Value of Savings / Opportunities Identified by SRMA	£35,380
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Trust Characteristics			
RSC Area [delete as appropriate]	South-East England and South London		
SAT or MAT	<u>MAT</u>	Age Range	<u>2-19</u>
No. Schools	<u>4</u>	Current NOR	<u>478</u>
Type of School(s)	Special		
School / Trust Characteristics:	SEN Mostly urban, one rural (Littlegreen), Teaching School		

PART 1: Context and Background

Executive Summary

Prior to my visit, I requested information in order to analyse data in advance and focus the review. I received management accounts, curriculum planning information, staff structures, pupil number information and a deficit recovery plan. I also reviewed published accounts, benchmarking information for each school in the trust, board papers (published on website) and spoke to the RSC contact for background.

I undertook a site visit on 17 May 2019, when I met Kyle Ball (Head of Finance), Marie Singleton (Chief Finance and Operations Manager) and Alison Beane (Executive Principal). I agreed to wait until budget models had been prepared and approved in the Summer before finalising the report. This information was received on 29 July 2019, I had some follow up questions which the Trust responded to on 23 August 2019. Changes to information resulted in re-working the analysis to support this report.

The Trust comprises 4 schools:

- Cliffdale Primary – in Portsmouth, for pupils aged 4-11 with complex needs and autism
- Mary Rose Academy – in Portsmouth, for pupils aged 2-19 with profound, severe complex learning difficulties
- Redwood Park – in Portsmouth, for pupils aged 11-16 with complex needs and autism
- Littlegreen Academy – rural location in a listed building, near Chichester, for pupils aged 7-16 with Social, Emotional and Mental Health needs.

Littlegreen Academy joined the Trust during the last financial year.

The curriculum model was efficient and not really a focus for the review. Key findings were:

- Supply costs (curriculum support staff) had escalated in 2018/19 and were now tightly controlled to prevent recurrence.
- Local authority funding was difficult and being negotiated based upon models of the cost per pupil developed by the Trust
- There were opportunities to save non-pay costs (a number of which had already been identified by the Trust)

Key Areas of Focus

The review was requested due to concerns that the Trust had moved from a stable to an unstable position. This was in the context of a Headteacher Board decision as to whether the Trust was able to take on the nursery provision next door to one of the schools, in effect increasing the age range to 2-11 on that site.

Conclusions

The Trust acknowledges a need to be more robust with the local authority when agreeing additional funding required for SEN, setting out clearly the costs of provision for the children in the Trust.

There is an efficient curriculum model in place, management controls over supply TAs are now tighter.

The appointment of a new CFO and estates manager will facilitate proactive control over premises expenditure.

Leadership, Governance and ICFP

What evidence is there of a current, good quality 3-5 year financial forecast in place?

The Trust is now forecasting a surplus. This is primarily as a result of incremental income agreed with the Local Authority for underfunded pupils. However, there has also been some natural staff wastage as well as a streamlined approach / zero based budgeting for all expenditure. The Trust's appointment of a CFO may well have contributed to what appear to be robust forecasts. The forecasts use the HCSS software to capture detailed staff information and are consistent with historical data.

Note that there is a discrepancy between the 2018/19 carry forward forecast reserves and 2019/20 brought forward due to the reports used being issued at different times. This does not indicate an issue with the accuracy of the forecasts.

The Trust has done some good work in demonstrating the costs of provision for each child with the Local Authority.

The Trust needs to monitor ongoing expenditure against budget each month to ensure that costs are still on track, as support staff needs are likely to change over time. This will require ongoing engagement with the Local Authority.

What is the school or trust's approach to integrated curriculum and financial planning and does it use any ICFP or Benchmarking tools as part of this process?

The Trust is engaged with the need to develop an efficient curriculum model and has used the self-assessment tool. The metrics do not highlight any significant areas to address in respect of the curriculum model, when compared with similar schools.

Premises costs are high in 18/19 compared to similar schools. There has been an 8-month gap in the year without a manager, the team are now led by a manager who is looking carefully at maintenance contracts, energy costs and other maintenance costs.

Is there a costed, prioritised MAT or school level improvement plan? If so, please provide details? If not, was this discussed?

The Trust leads the Portsmouth Teaching School Alliance, working with mainstream schools,

special schools and other teaching schools in the Solent area. This is treated as a cost centre by the Trust and is a vehicle for school improvement. The Trust employs a number of SLEs which drives school improvement.

As such, continuous improvement is inherent in the structure of the Trust's operating model.

Training is linked to strategic priorities for the Trust, which is known for its staff development.

What is the evidence that financial plans have robust challenge from the leadership team and governing body?

The Finance and Audit Committee review the management accounts which set out variances against budget clearly (copy of paper provided). The committee membership includes a qualified accountant (former finance director) and others with experience of executive leadership, able to provide an appropriate level of challenge.

The external auditor also fulfils the internal audit function and produces reports highlighting recommendations to the governing body.

What is the school / trust's confidence in its pupil number projections, and the evidence for this?

The Trust has been over-subscribed for some time. Pupil number projections are less relevant than the difficulty of being able to predict the needs of the pupils coming into the Trust, their changing needs and the support that is required for them in order to enable learning. For example, each pupil with a tracheostomy must be supported by 2 curriculum support staff. The specific needs of each pupil forms the case for the funding from the local authority.

How is the schedule of contracts for non-staff goods & services managed? To what extent does the school or trust make use of National Deals, which of the deals were discussed and which do you think it will take up?

The Trust obtains comparative quotes for contracts and review national deals. For example, energy contracts are due for renewal in the next year and the finance team are considering relevant deals.

Ordering is controlled centrally by the finance team through the approval process.

Analysis for the budget has identified areas where savings can be made in respect of IT licences, premises contracts and other areas.

PART 2: Data and Evidence

1. Income and Expenditure (£000)	2017/18	2018/19	2019/20	2020/21	2021/22
Pupil Numbers used for funding calculation*	477	478	541	541	541
All Grant Income	10,116	9,838	13,205	14,397	15,708
Self-generated Income	66	899	152	152	152
Total Revenue Income	10,183	10,737	13,358	14,549	15,860
Total Revenue Expenditure	10,063	11,051	13,200	14,520	15,694

In-Year Surplus/(Deficit)	120	(314)	158	30	167
Cumulative Surplus/(Deficit) B/F	507	627	(198)	(41)	(11)
Cumulative Surplus/(Deficit) to C/F	627	313	(41)	(11)	156

**Most schools' funding will be based on lagged pupil numbers. If the schools you are reviewing are funded on estimated/actual numbers, please use estimates / in-year numbers where known.*

2. Staff & Class Characteristics – Current Year	School /trust characteristics
Pupil: teacher ratio	6.0
Pupil: staff ratio	1.7
Average teacher cost ¹ (inclusive of on-costs)	£52,211
Average class size ²	8
Number of periods per week	24
Teacher contact ratio	74%
Predicted pupil number change in 3-5 years	0
Cost of one lesson (running for a year) ³	£2,175

3a. Spending as % of total expenditure*	2017/18	2018/19	2019/20	2020/21	2021/22
Proportion of total spend on staff pay ⁴	80%	80%	81%	81%	80%
Proportion of total spend on teaching staff pay		38%	38%	38%	37%
Proportion of total spend on classroom support staff pay		29%	31%	31%	31%
Proportion of total spend on clerical & administrative staff pay		8%	9%	9%	10%
Proportion of total spend on senior leadership staff pay ⁵		10.8%	10.8%	10.8%	10.8%
Proportion of teaching staff spend on management ⁶ costs		37%	37%	37%	37%
Proportion of total spend on non-staff costs	20%	20%	19%	20%	20%
3b. Spending as % of total Income*	2017/18	2018/19	2019/20	2020/21	2021/22
Proportion of total spend on staff pay ⁷	79%	82%	80%	81%	80%
Proportion of total spend on teaching staff pay		39%	38%	38%	37%
Proportion of total spend on classroom support staff pay		30%	30%	30%	30%
Proportion of total spend on clerical		7%	9%	9%	9%

¹ As defined in Consistent Financial Reporting (CFR) and Academy Accounts Return (AAR).

² Average class size thresholds vary by school phase and key stage. Figures may need to be disaggregated by key stage/year group as necessary in order to identify RAG rating.

³ Average teacher salary divided by number of periods in a week

⁴ Staff and sub categories as defined in CFR and AAR. The SRMA may want to clarify what they include in each sub category.

⁵ Senior leadership staff sub category as defined the School Census.

⁶ Management costs are interpreted as total senior leadership team and TLR costs

⁷ Staff and sub categories as defined in CFR and AAR. The SRMA may want to clarify what they include in each sub category.

& administrative staff pay					
Proportion of total spend on senior leadership staff pay ⁸		10.8	10.8	10.8	10.8
Proportion of teaching staff spend on management ⁹ costs		10.8	10.8	10.8	10.8
Proportion of total spend on non-staff costs	21%	21%	19%	19%	19%

*Spending as % of total expenditure allows comparison and aligns with the benchmarking and self-assessment tools. Spending as % of income in your recommendations will be a better indicator of affordability within budget for each element of spend.

4. Income & Expenditure Per Pupil (as calculated through Consistent Financial Reporting (CFR ¹⁰) and Academy Accounts Return (AAR ¹¹))	School /trust characteristics				
	2017/18 (actual)	2018/19 (actual)	2019/20 (forecast)	2020/21 (forecast)	2020/22 (forecast)
Total income per pupil	25,141	22,463	25,298	27,556	30,038
Total expenditure per pupil	24,844	23,119	24,999	27,499	29,723
Direct Grant Funding	24,978	20,582	25,010	27,267	29,750
Self-Generated Income	163	1,881	289	289	289
Supply/agency cost per pupil	660	1,161	232	255	281
Staff	19,867	18,496	20,175	22,193	23,886
Non-staff	4,978	4,623	4,824	5,306	5,837
Facilities management	-	-	-	-	-
Cleaning & catering	328	155	422	464	510
Educational supplies	561	720	951	1,046	1,151
Premises	664	1,148	757	832	916
Business admin	2,765	593	1,973	2,170	2,387
Energy	242	315	383	422	464

5. Detailed Pupil Number Analysis							
Year Group	2015/16	2016/17	2017/18	2018/19 (current)	2019/20 (forecast)	2020/21 (forecast)	2021/22 (forecast)
Total SAT numbers	Not obtained	Not obtained	477	478	541	541	541

6. OFSTED History

School Inspections for [School Name]			
Date	Type of Visit	Outcome	Detail
3/7/18	Progress	Leaders and managers are taking effective actions towards the removal of the serious weaknesses designation.	Littlegreen (joined Trust Feb 2019, following Academy order)

⁸ Senior leadership staff sub category as defined the School Census.

⁹ Management costs are interpreted as total senior leadership team and TLR costs

¹⁰https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604358/Consistent_Financial_Reporting_Framework_guidance_2017-18.pdf

¹¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/656410/Academies_accounts_return_2016-17_guide_to_completing_the_online_form.pdf

		The school's improvement plan is fit for purpose. The local authority's statement of action is fit for purpose	
15/11/17	Full	Inadequate	Littlegreen
1/11/16	Short	Outstanding	Mary Rose
17/11/16	Full	Outstanding	Cliffdale
26/1/15	Full	Good	Redwood (later joined Trust)

Analysis of the School /Trust's overall financial position

There is sufficient demand for SEN places in the local area to mean that the Trust is over-subscribed and there is limited uncertainty in respect of numbers. However, there is uncertainty as to the needs of the children, leading to uncertainty in the model in respect of the educational support staff required.

For example, children's needs can change during their time at school and different support may be required in order for them to be able to learn effectively. There is a time lag between the requirement to support children and the agreement from the local authority in respect of the funding to enable this.

During 2018/19 TA supply costs escalated considerably. Controls are now in place to ensure that additional costs are appropriately approved, but these costs do vary considerably. This is due to both changing needs and staff cover requirements. The Trust is considering appointing some additional TA cover to manage the underlying need with staff who are well-placed, flexible on location, as well as appropriately trained to support this. For example, some children need staff who have had specific training in supporting tracheotomy needs, which can be difficult to cover with supply staff.

Whilst management costs appear to be high, the FTE for leadership as a percentage of teachers is comparable to benchmark schools. This could indicate that the leadership pay scale or TLR awards are higher than for other schools. However, the Trust has not shown an appetite to move away from nationally or locally agreed pay ranges.

The Trust has already invested effort in analysing non-pay costs to identify potential savings which are reflected already in the budget. This includes at least £50,000 of ongoing indirect staff cost savings and £50,000 of software licence savings.

Commentary on the key metrics

The metrics, based upon the current year, show that the Trust is in line with similar schools apart from the following measures:

- Supply staff costs
- Premises costs

Supply staff

During the year, supply curriculum support staff costs escalated due to changing needs of children as well as cover for staff absence. The use of supply staff is now controlled more directly by the central finance team to ensure need. The Trust should continue to work closely with the Local Authority to demonstrate the requirements of the children in the Trust and

ensure that funding meets those needs. Employing cover staff to meet the base level of demand will also help to reduce costs (as supply staff are more expensive due to the flexibility).

Premises

During the year, the Trust acquired a school which is based upon a site with a listed building. This has greater maintenance costs than other school property and has led to an increased level of costs. However, there has also been a lack of oversight due to a vacancy in the estates team for 8 months. Now that there is capacity, the premises team will be able to focus on monitoring costs proactively, rather than simply responding reactively to incidents.

PART 3: Recommendations, Opportunities and associated costed savings

Other findings. Please document any other points that provide an insight into the efficiency of the trust / school, e.g. accuracy / consistency of pupil number projections.

Findings

The Trust has experienced a period of growth and change, with some lack of capacity in the central team – there was limited premises oversight and an interim CFO. The permanent CFO and Estates Manager appointments are now filled and provide a better environment to monitor and control costs proactively.

The curriculum model is already efficient, but due to the nature of SEN, there are changing needs which are met by educational support staff. It can be difficult to predict fluctuations in levels of need, however, close engagement with the Local Authority and clear cost models developed by the Trust help to ensure that ongoing funding is appropriate for those needs.

The Trust has already identified significant savings in non-pay costs in producing the budget, this includes at least £50,000 of indirect staff costs (recruitment, agency fee, DBS checks) and £50,000 of software licences not required.

Opportunities	Analysis / Rationale	Estimated Benefit
Employ cover educational support staff	<p>Due to the changing needs of children, as well as staff absence, there is high use of supply cover for educational support staff. Whilst the need for additional support staff will fluctuate, given the size of the Trust, there is likely to be a base level of need which could be met by employing some cover staff who can travel to the school where there is a need.</p> <p>Currently, the budget for 2019/20 includes £178k of supply cover. The</p>	£7,150

	<p>average annualised cost for cover is £24,575, compared to the cost of employing someone being £21,000. A cost of £178,000 in effect represents 7 staff at the cover rate, whilst demand for cover will fluctuate over the year, it is reasonable to assume that there is a base level of demand for additional staff. The saving noted assumes that there is sufficient demand for 2 employed cover educational support staff and reflects the difference between the annualised cost ($£24,575 - £21,000 * 2$), it is also assumed that there is 2% staff cost inflation per annum.</p>	
Energy costs	<p>Energy costs are higher than the benchmarks for similar schools, but partly contrained by the nature of the estate. The Trust has 2 lighting projects in Summer 2019 (successful Salix bids) which will help reduce costs, energy contracts are due for renewal next year which will help to ensure costs are managed at the best rate available and proactive estates management is an opportunity to ensure efficient usage.</p> <p>The saving noted of £4,500 reflects 3% of costs, due to efficient usage (as energy costs are rising it is likely that new contracts will not result in a saving, but instead limit escalation of costs).</p>	£4,500

This report is intended to provide this school/trust with a range of options which have been discussed during the SRMA's deployment. Ownership and implementation of any recommendations is the school/trusts decision and responsibility. The recommendations have been developed using the data made available to the SRMA, combined with their knowledge skills and experience of school business and ICFP. The range of options have been discussed during the SRMA deployment. It is not an exhaustive list and can only take into account the current organisational context and data available.