

**Effervesce**

SCHOOL FINANCE SPECIALISTS

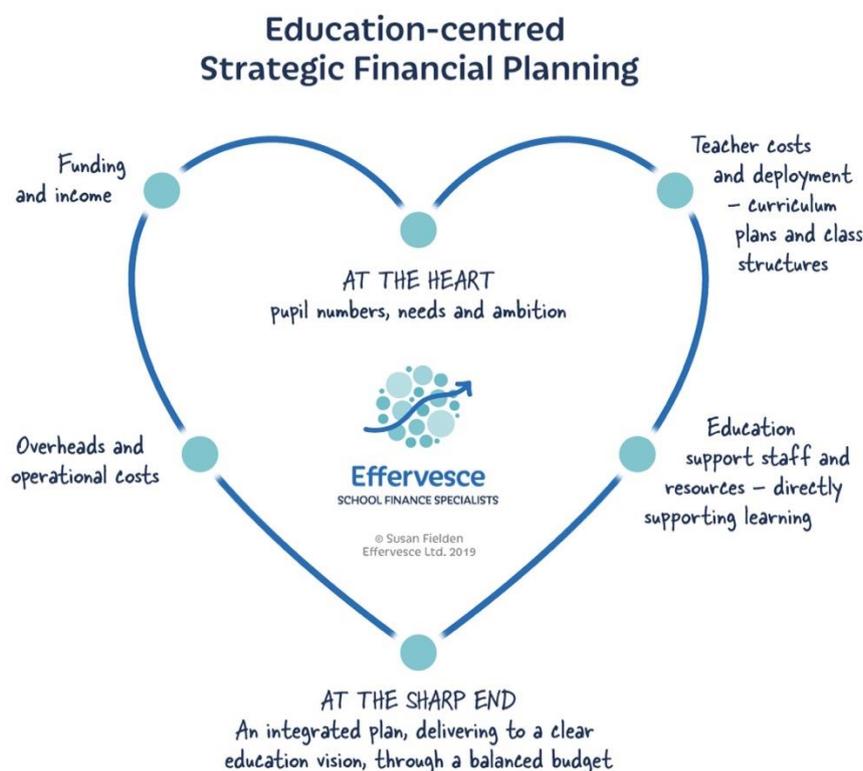
# Education-centred Strategic Financial Planning

**A simple seven step ICFP approach  
for education leaders**

# Introduction

The Effervesce approach to Education-centred Strategic Financial Planning (ESFP) is based on the key elements for successful integration of financial and curriculum planning.

This method places pupils at the heart and leads towards educational success and financial viability. It is based around the fundamental building blocks of teachers and education support staff.



It is a simple framework to cut through the detail. It requires a team approach.

This method is for those who are passionate about delivering the best possible education from a limited pot of money, for those who want to build financial plans that resource the education journey rather than frustrate it.

It is for those who long for financial security so they can focus on teaching and learning. And for those who are fed up with strategic planning being just about the numbers and those who are tired of having no coherent targets and those that struggle to bring all the competing demands together to find a way through.

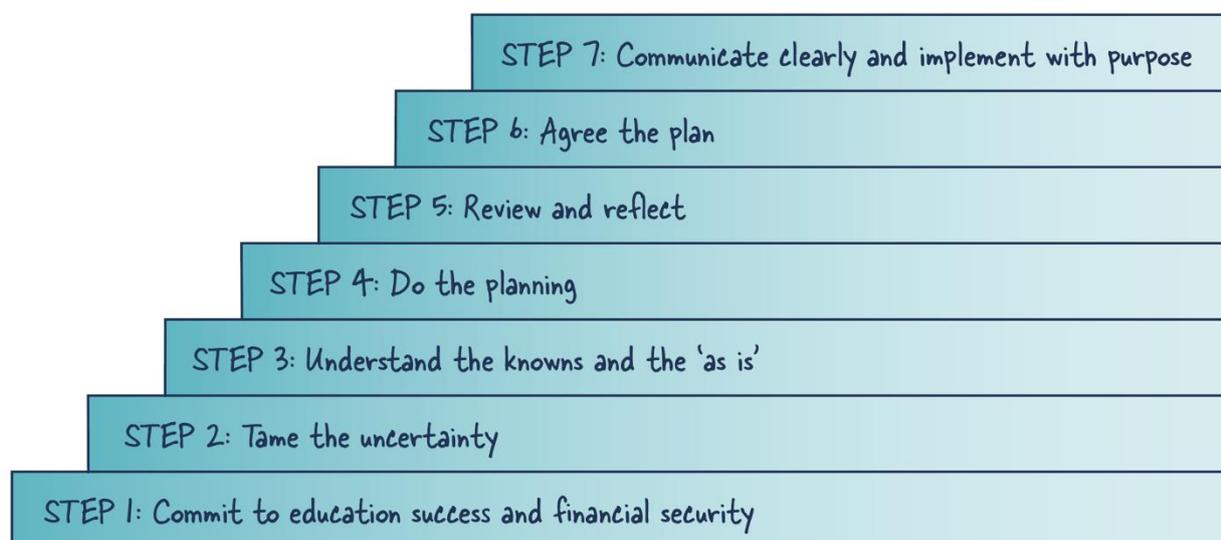
It is for those who believe in cost-effectiveness not just efficiency, who want to be innovative and seize the opportunity as well as manage the risks and for those who are mystified by the new craze in ICFP and think it might be a case of emperor's new clothes.

It is for everyone in leadership and governance roles in state-funded schools, academies and MATS, as well as education leaders in local and national government and colleagues in sector organisations. It is designed to bring senior teams and decision makers together. It works for primary, secondary and special schools, studio schools, UTCs and PRUs.

It is strategic, in that it starts with where you are now, is very clear about where you are aiming to get to and sets out how you will get there, over a three to five year period, because big change will take several years to plan, implement, realise and embed.

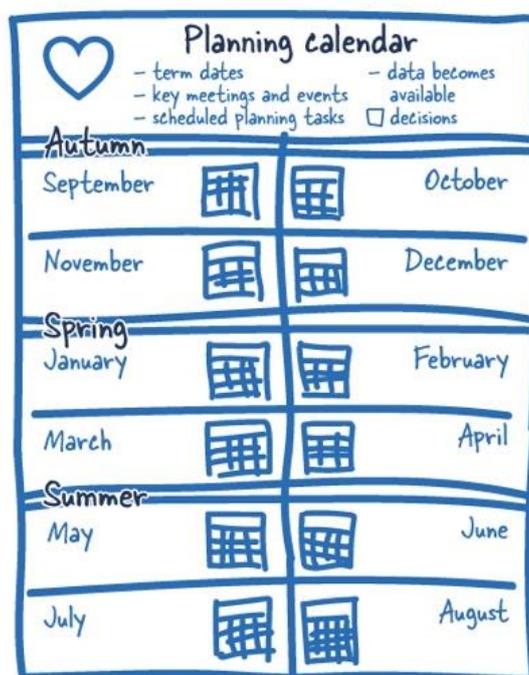
Importantly, whilst it is simple common sense, it doesn't make it easy.

## The Seven Steps



# STEP 1: Commit to educational success and financial security

1. To develop and implement an integrated and strategic plan a school, academy or multi-academy trust will need to:
  - Commit time to the planning process and be clear about planning meetings, decision dates and external deadlines.
  - Bring together the right team with knowledge about pupils (numbers and needs), curriculum, staff and finances, ensuring that the team includes both communication and spreadsheet skills.
  - Be ready to cut through the detail in order to determine a broad direction for the next three to five years.
  - Take a moment to consider all of the stakeholders who need to be involved in the planning process or who would be affected by the outcome and work out how to manage that so that change is not derailed by poor communication and engagement.

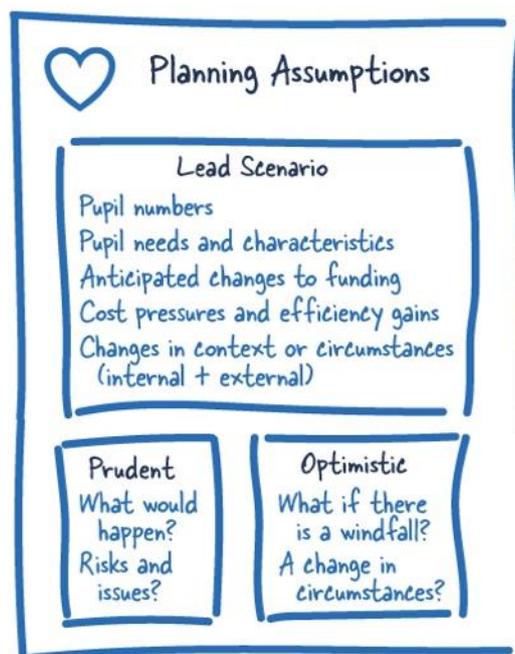


2. A simple project plan will help the senior team manage this process for the first time and provide a reference point for embedding integrated strategic planning into the normal annual cycle. A traditional committee

structure does not lend itself to an integrated approach and a steering group might be helpful.

## STEP 2: Tame the uncertainty

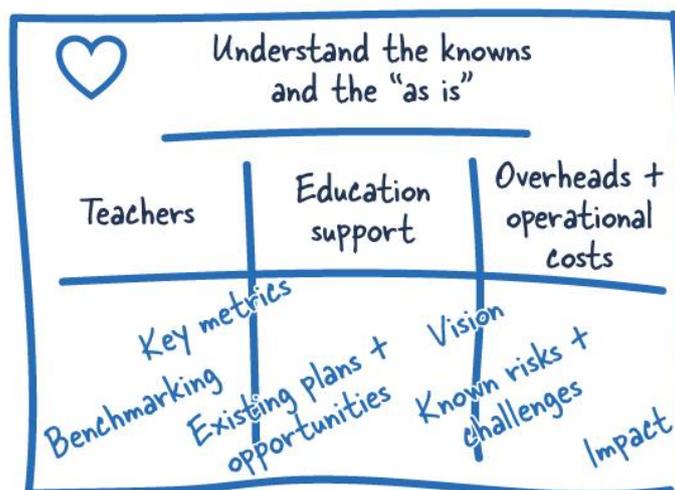
3. A strategic plan, covering a three to five year period, will involve a set of assumptions about the financial and educational context. This will include changes in pupil numbers and needs, cost pressures and funding changes, the impact of changes in the educational landscape, changes to premises or technology, staffing changes, etc.
4. The recommended approach is for the senior team to capture the key assumptions, maybe on a flip chart, including a lead planning scenario, a more prudent view and an optimistic perspective. Once written up, the planning assumptions should be approved by the relevant committee or the Board.



5. These assumptions are the basis for the strategic plan, they can be considered as part of the risk management assessment and should be reviewed periodically to ensure they are still reasonable, replacing assumptions with known facts when circumstances change. The level of risk will also inform judgements about a safe level of reserves.

## STEP 3: Understand the knowns and the “as is”

6. The second task for the senior team is to get a comprehensive and shared understanding of the current position and the known facts about the future. This includes data, plans, analysis and evidence. It could be lists, charts, tables of figures or a report.
7. It is likely to take some time to collate and interpret if a shared understanding is to be achieved. For example, everyone on the team might know how many teachers the school has, but only one person may be clear about the cost and another will know how their time is deployed and a third will have information about development needs or potential.
8. Many of the key ICFP metrics, pupil:teacher ratio, class size, average teacher cost, proportion of income spent on teachers, spend (time and money) on leadership and management, contact ratio, etc as well as spend and workforce metrics can be benchmarked against similar schools but this is best done as part of a second phase, once the questions that need answering are clear.



9. The recommended approach is to collate the information against three broad areas: curriculum & teachers; education support staff & resources; overheads & operational costs. An initial discussion at a senior team meeting, with a flip chart, will establish who knows what, which

information is readily to hand and what is going to need some research or analysis. There is value in taking some time, as a team, to explore why practice is as it is currently and consider some “what if” questions. This is where the variety of perspectives across the senior team are helpful. A reasonable time can be set and tasks allocated, before the full information pack can be collated.

10. Information, data and evidence about the current situation should ideally answer three questions, as identified by Mark Friedman<sup>1</sup> in his work on results-based accountability:

- Quantity: what are we doing, how much of it and how much does it cost?
- Quality: are we doing it well, with quality and efficiently?
- Effect: is it making a difference, is it effective?



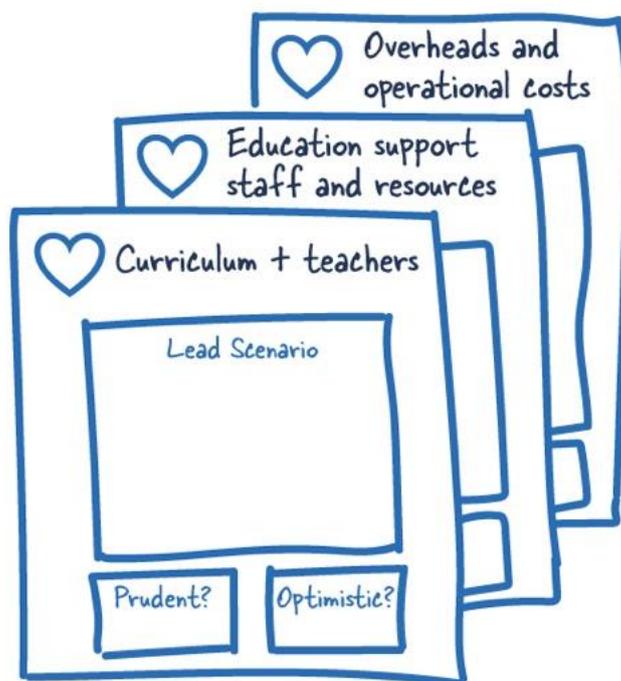
Mark Friedman: Results-based Accountability

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<sup>1</sup> Trying Hard is Not Good Enough, Mark Friedman, Fiscal Policy Studies Institute Publishing 2005

## STEP 4: Do the planning

11. Armed with a clear planning scenario and a shared understanding of the current context and agreed plans for the future, the senior team, working together, can start to identify a plan for the next three to five years.



12. The recommended approach is to start three years ahead and to develop an educational offer that is financially viable and meets the needs of a future cohort of pupils, so far as is affordable.
13. Against this, the senior team can consider the implications of the prudent and optimistic planning scenarios, and the plans for the intervening years. Most significant staffing, curriculum or procurement changes take three years to agree, implement and realise, and planning this far ahead helps to lift the thinking above the detail.
14. Three broad planning areas are recommended:
  - curriculum & teachers;
  - education support staff & resources;
  - overheads & operational costs.
15. It is unlikely that this can be achieved in one go and time working together as a team may need to be supplemented by individuals or sub-

groups working on specific aspects. It is, however, important not to get too drawn into detail. To develop plans that are more precise than the level of confidence in the planning assumptions would be misleading. It is also time consuming and often renders the output too sensitive to share effectively with a Board or Committee, limiting the effectiveness of governance arrangements.

## **STEP 5: Review and reflect**

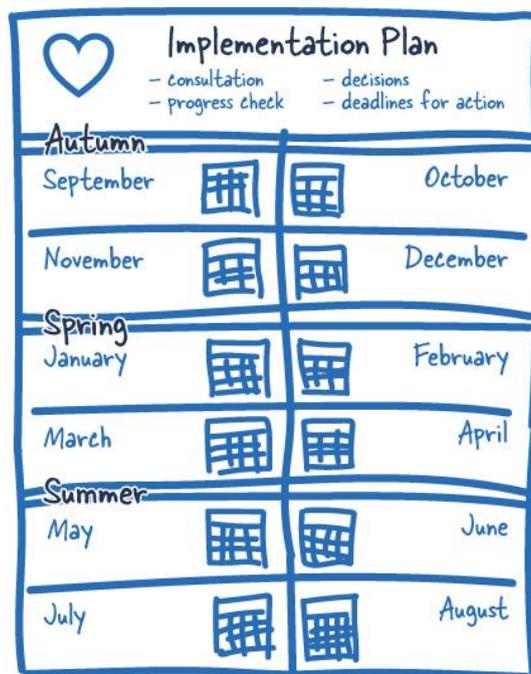
16. A broad plan will need to be tested for reasonableness, with more detailed financial spreadsheets and curriculum plans prepared and timescales for change considered. Key stakeholders will need to be engaged and consulted appropriately. The implementation costs of any change will need to be factored in.
17. For the governing board to approve the plan, options may need to be worked up, and the risks associated with the planning assumptions and the delivery of change assessed and the level of safe reserves calculated. The Board will need the proposals presented clearly and with enough time to consider carefully and ask questions prior to a decision.
18. The recommended approach is to agree the timescales, format and level of detail with the Chair well in advance, to provide a framework for the team to work to. It is likely that a slide pack format would work well, including narrative, tables of figures and charts, as well as action plans and options appraisal. Agreeing the format early will avoid the last minute tabling of complex spreadsheets full of sensitive information, leaving the Board without clarity, time to consider or the ability to bring oversight or strategic direction.
19. This step is likely to include the development of the detailed arrangements and budgets for the coming year.

## STEP 6: Agree the plan



20. Once final decisions have been taken on the planning assumptions, the options have been carefully considered and the risks assessed, the plan can be finalised and documented in a format suitable for the audience and context.
21. In a school with performance challenges there will be a close connection to a school improvement plan, whereas a school in financial difficulties will require a more explicit link with a recovery budget. In a MAT, the overall plan, including information about planned growth, central and collaborative functions, will be supplemented by individual school-level plans.
22. The recommended approach is that the this integrated plan addresses both educational and financial challenges and opportunities, and that it is reviewed and refreshed annually, as part of a routine monitoring and planning cycle.

## STEP 7: Communicate clearly and implement with purpose



23. The top two reasons for a negative reaction to change are if you don't believe the people making the decisions know what they are doing, and if you can't see how you can carry on doing well in the face of the proposed change. A clear strategic plan, that seeks to deliver educational and financial success, with words and charts, a strong evidence-based narrative, a clear vision, backed up by the numbers, will give confidence.



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