



## **2A: Centralisation of finances and budget pooling**

**Effectively centralise your finance strategy during growth, from winning hearts and minds through to the practical implementation.**

November 2024



# Trust Context

Thursday, February 5, 1998 Published at 19:49 GMT

## UK Cornwall's last tin mine to close



South Crofty miners are victims of falling tin prices

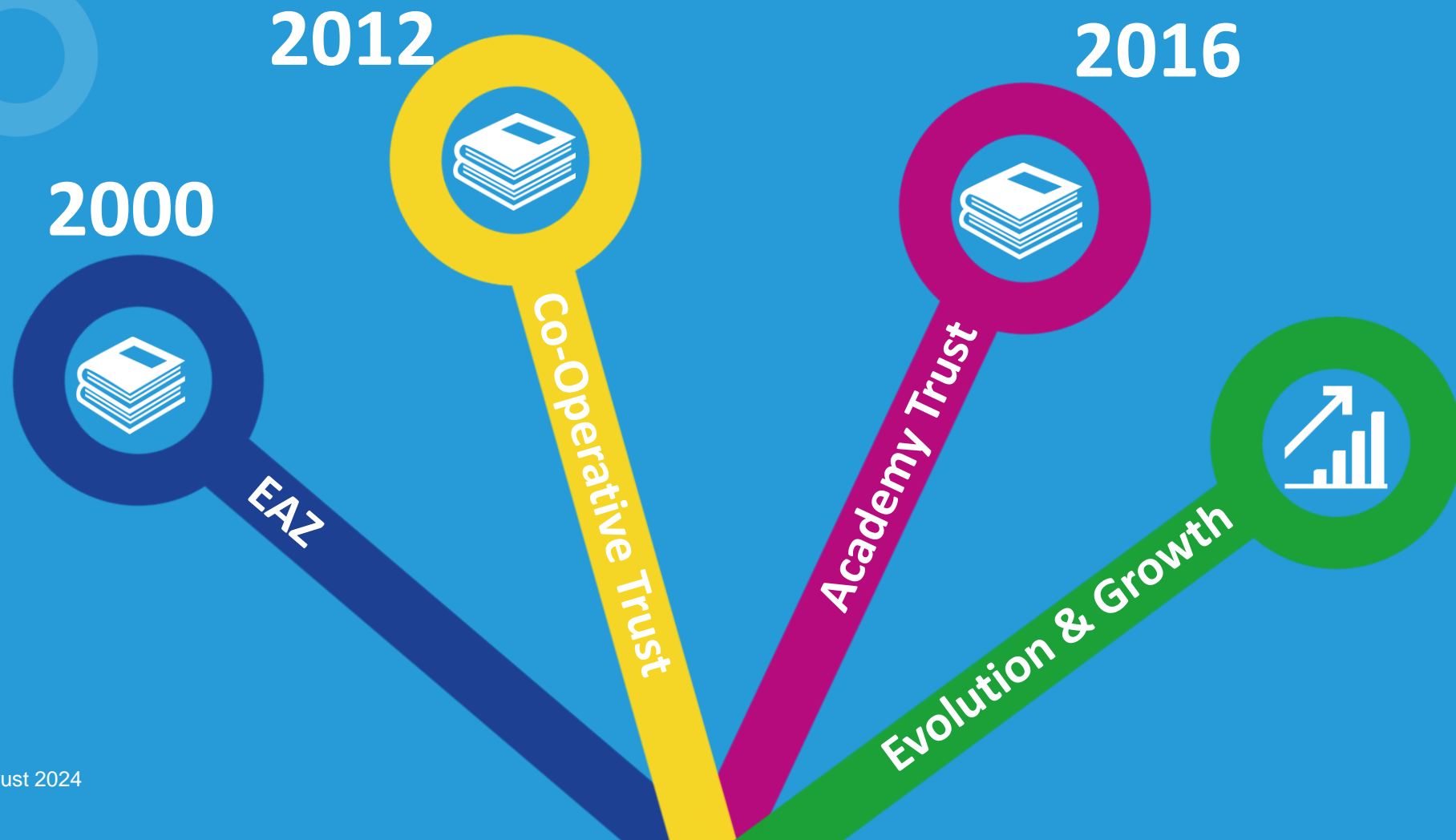
The South Crofty tin mine is to close with the loss of government decided total rescue package



Crofty Education Trust



# THE CROFTY JOURNEY SO FAR...



# Developing shared purpose...



Shared belief in the power of education to unlock possibilities and transform lives

# Journey to Community Funding September 2019...

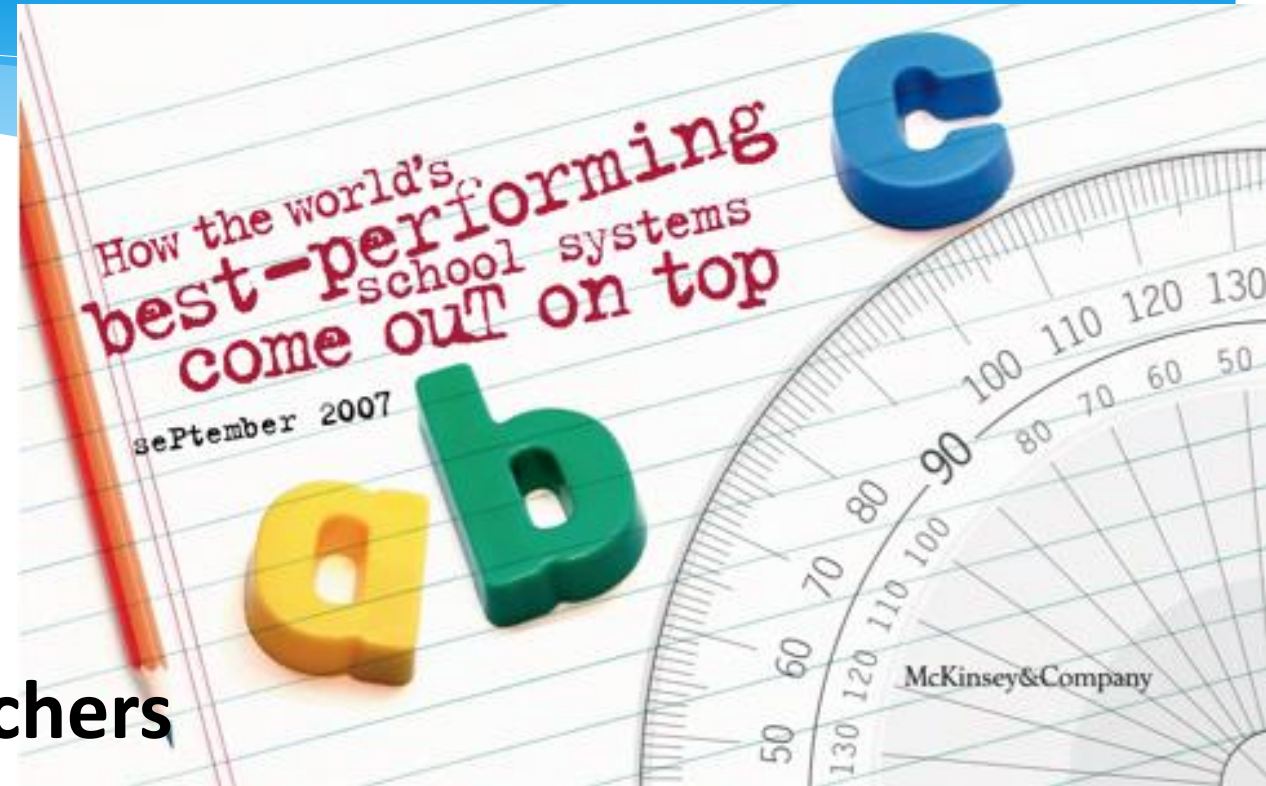


GAG Per Pupil	
£	3,971
£	3,482
£	3,796
£	3,792
£	3,769
£	3,823
£	4,038
£	3,977
£	4,410



***Didn't* start with conversations  
about funding...**

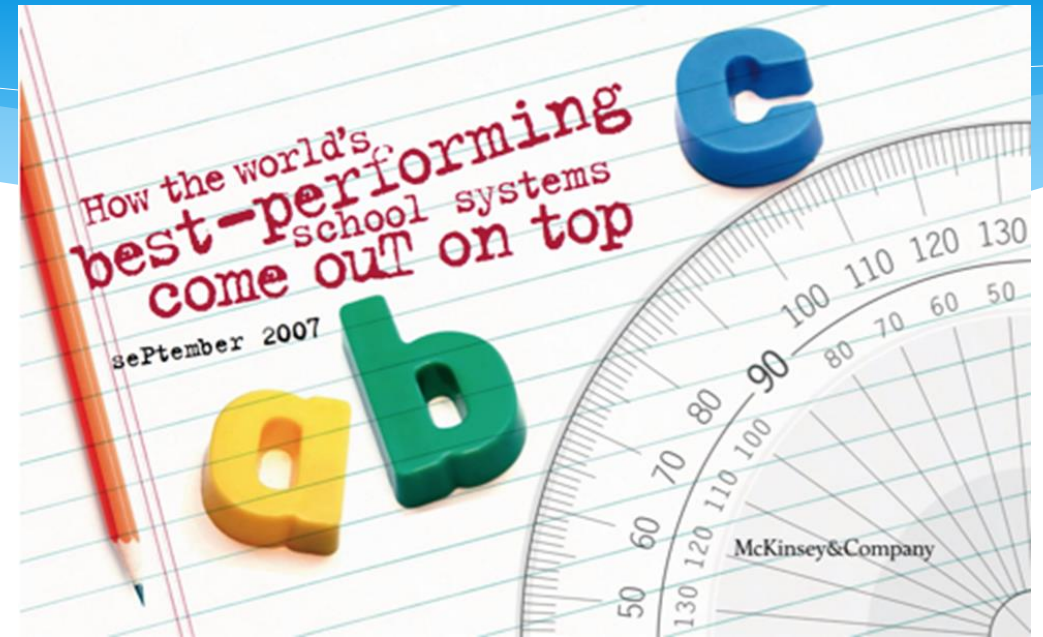
- 1. Get the right people to be teachers**
- 2. Develop them into effective teachers**
- 3. Ensure *the system* can deliver the best possible teaching for *every child***



Does every one of our pupils, in every school, get consistently great teaching?

**My challenge to you is that, if we carry on as we are, they never will.**

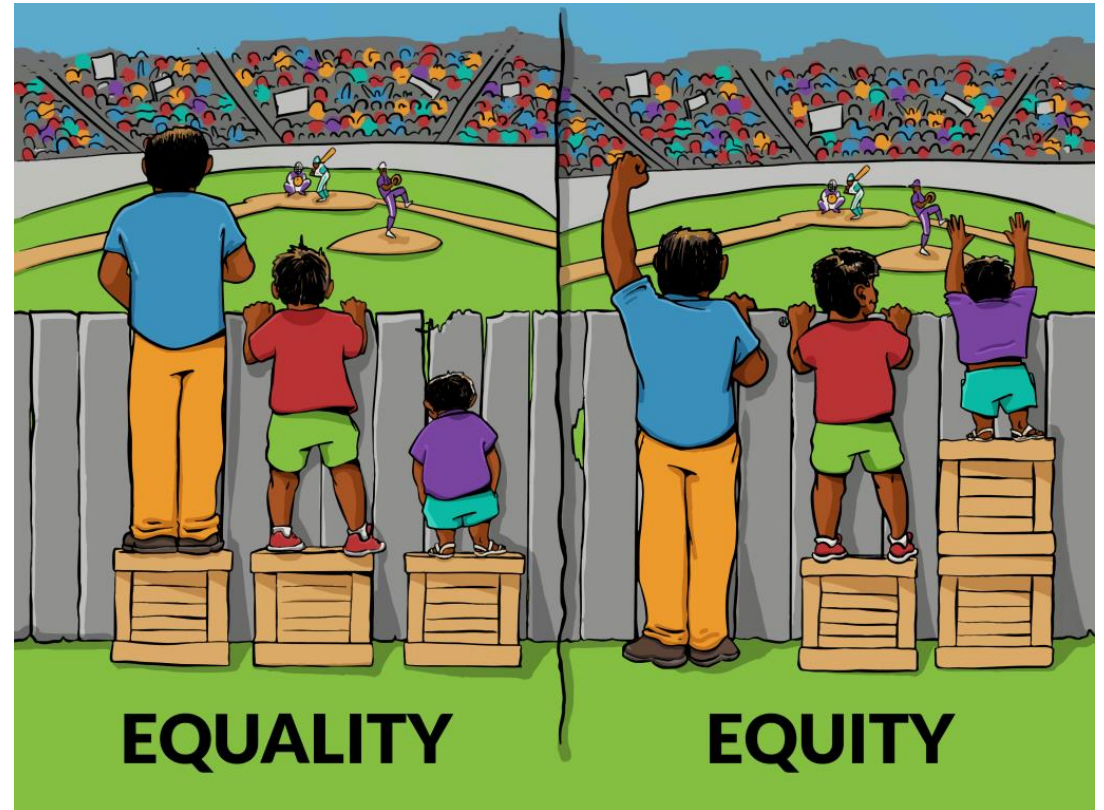
The challenge to us as educational leaders...



*...How do we make learning equitable, so every pupil gets what they need?*

So, the discussion was increasingly about equity and creating “coherence” to improve quality of teaching

- Pedagogy
- Curriculum
- How we develop and improve teachers (and leaders)
- How and where we deploy teachers (and leaders)



At the same time, we revisited our organisational values...

# Crofty Values

Learning

Integrity

Community

Positivity

Respect

# COMMUNITY

Everyone is responsible for every child...



# School graded RI: Test of our commitment to “Community” ...

In school A we needed to;

- Develop curriculum and pedagogy
- Develop and improve teachers (and leaders)

## Solution;

- Second an AHT from school B
- Paid for by school B

## Benefits;

- Career development for AHT
- Backfill opportunity in school B
- Immediate SI capacity for school A

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# Tipping point – The “Why”

**On the back of the success of school A, how do we best manage resources to deliver equity for the learners?**

**Set up a guiding coalition, define principles;**

- Fairness; every school / pupil should get what they need
- Take into account school context such as SEND, deprivation, service pupil premium
- Children shouldn't be impacted by estates costs, expensive teaching staff, utilities etc.
- There should be a minimum standard for IT resources, learning environments etc.

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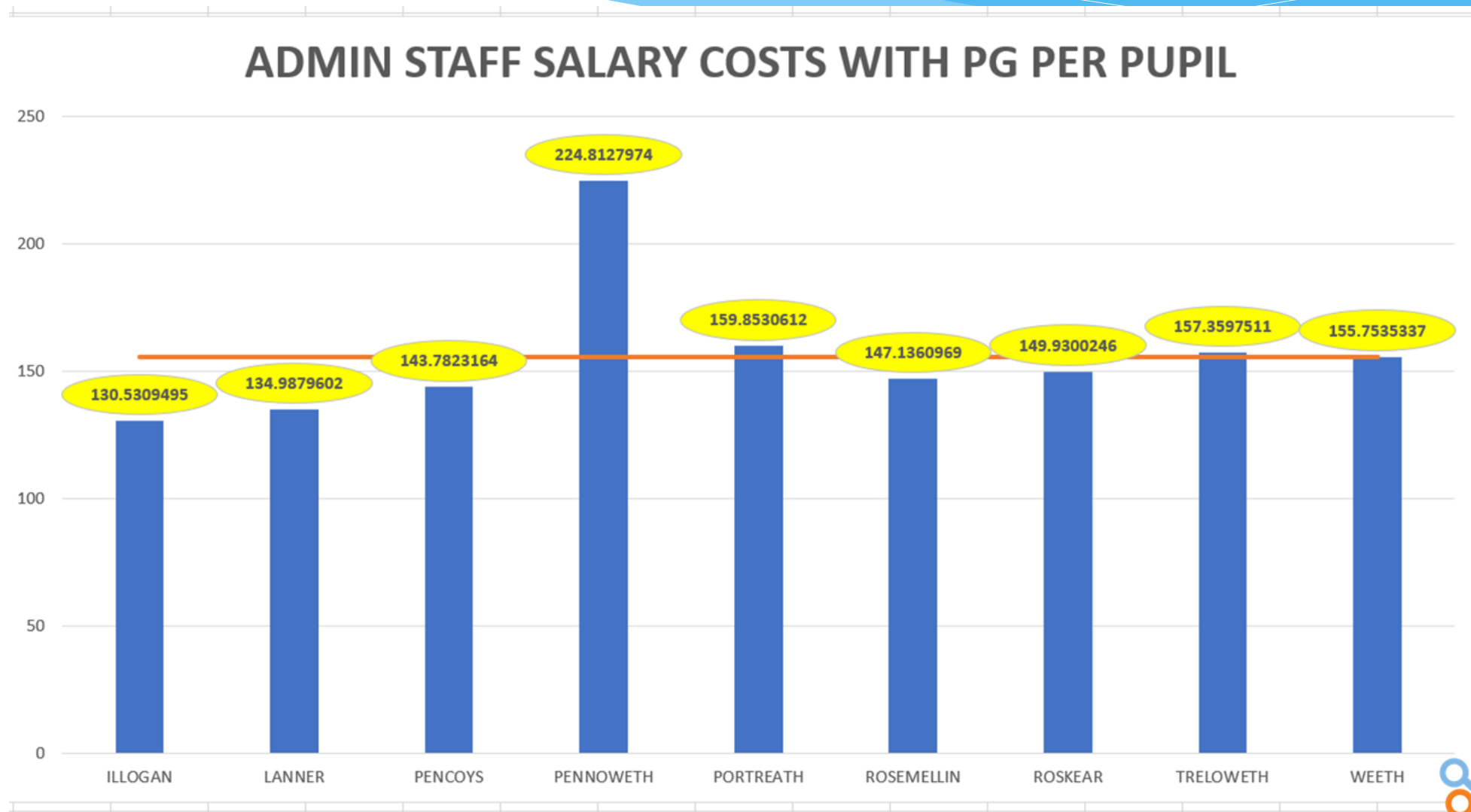
# Working out the “How”

## Weekly meeting of guiding coalition, define processes;

- Lots of modelling
- Identify fixed costs
- Shared costs, inc. central team
- Create per pupil benchmarks to inform decisions (and ensure transparency)

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# Working out the “How”



# Communicate...

**By 2022 we were;**

- **Clear on the “Why”, rooted in values and principles**
- **Clear on the “How” it will work**
  - Benchmarking to inform decisions
  - Open about shared costs, inc. central
  - The need to refine over time (get buy-in for the journey)
- **Factor in the “win” / benefits**

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**Q: If we do this, what resource could we provide that would most benefit the learners?**

**A: Speech and Language**





## **2A: Centralisation of finances and budget pooling**

### **Part Two: Implementing Budget Pooling**

November 2024

# The Lightbulb Moment

Always thought it was about rewriting  
the Funding Formula!



Well, it's not.....

- All the income goes in one big pot, that's the easy part
- The hard part is devising an expenditure model to ensure a fair distribution of funding
- *but don't expect to get it right first time*



# Devising a Trust Expenditure Model

## The Basic Building Blocks

### Three types of expenditure:

- **Fixed** – Known cost, hard to change and unavoidable, not always linked directly to school size or to pupil numbers.
- **Variable** – Always linked to volume, e.g. number of pupils / staff or square meterage of the school estate.
- **Staffing** – Difficult element to get right.
  - Ultimately you need to agree a set of staffing KPI's / models with key stakeholders
  - Use the KPIs to agree staffing levels school by school

# Type 1 -Fixed Costs

## The unavoidable costs:

- Building compliance testing
- Cleaning / grounds / catering contracts
- Waste collection
- Utility costs / rents
- Insurance inc. supply cover
- Known AP for pupils (*will get back to this one*)
- Leases, minibus, photocopiers etc.



## Always start budget construction with the fixed costs:

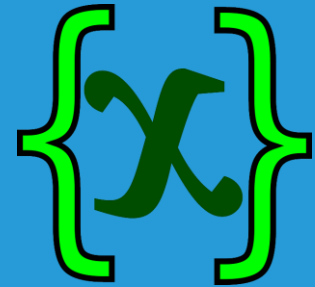
- Known / unavoidable
- Have a grasp of these cost areas, leave them out at your peril
- Knowing what you pay for in these areas will give you opportunity to consolidate, negotiate and challenge / create potential savings.

# Type 2 -Variable Costs

Argument that these costs should be considered last, often the “what’s left element” of the budget.

Examples include:

Type of Cost	Ways to Determine the Allocation
Recruitment, supply, training, expenses	Staff numbers
Building repairs	School m2 and condition factors
Cleaning equipment	School m2
Cleaning consumables, first aid	Pupil numbers
Administration materials, hospitality	Small, medium and large school allocations
Curriculum resources	Pupil numbers (Secondary consideration: weighting for resource heavy subjects)
Photocopier usage (exc. lease)	Pupil numbers
UIFSM & FSM costs	Pupil numbers, adjusted for expected take up



But always remember what you ultimately have left to allocate to these budgets will be determined by what the fixed and staff costs have already spent.

# Type 3 -Staff Costs

Crofty's current staffing model / KPI's

<b>Teaching Staff (school decide how non-contact time is allocated)</b>									
<b>Number of Classes</b>	<b>2</b>	<b>2.5</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>14</b>
Class Teachers	2	2.59	3	4	5	6	7	12	14
Executive Head	0.2	0.2	0.2	0.2					
Head (non contact)					0.8	1	1	1	1
HoS (non contact)	0.4	0.4	0.4	0.4					
DH (non contact)								1	1
AH (non contact)							0.2	0.4	0.4
SENCO (non contact)						0.4	0.5	1	1
<b>Total FTE</b>	<b>2.6</b>	<b>3.19</b>	<b>3.6</b>	<b>4.6</b>	<b>5.8</b>	<b>7.4</b>	<b>8.7</b>	<b>15.4</b>	<b>17.4</b>

## Lunchtime Staffing

5hrs per class (employment contract can either be TA or LTS)

## Administration Staff

Class Structure 2 to 7	32.5hrs
Class Structure 12 & 14	65hrs

# Type 3 Staff Costs – TA support

<b>Teaching Assistants Class Based Hours</b>		
Reception	27.5hrs	Hours shown are for a 7-class structure and therefore are weighted up or down to match the size of the school.  Rule of thumb for mixed classes (small schools). Any class which contains KS1 pupils in will receive 27.5 hours of support.
Year 1	27.5hrs	
Year 2	16.25hrs	
Year 3	16.25hrs	
Year 4	16.25hrs	
Year 5	16.25hrs	
Year 6	16.25hrs	

## **Teaching Assistants EHCP Hours**

13.5hrs per ECHP pupil, plus a further hour per top up unit

# Type 3 Staff Costs – Deprivation

## Deprivation Bandings for Additional Class Based Support Hours

Band A	School 1	School 2	School 3	School 7	School 9	School 10	School 14	School 15
Band B	School 6	School 8	School 12	School 13	School 16			
Band C	School 4	School 5	School 11					

## Teaching Assistants – Extra Hours Deprivation Factor

Number of Classes	2	2.5	3	4	5	6	7	12	14
Band - A Schools	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs
Band - B Schools	7hrs	9hrs	10hrs	14hrs	17hrs	21hrs	24hrs	41hrs	48hrs
Band - C Schools	10hrs	13hrs	15hrs	21hrs	26hrs	31hrs	36hrs	62hrs	72hrs

## Learning Mentor/Pastoral Support

Number of Classes	2	2.5	3	4	5	6	7	12	14
Band - A Schools	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs	0hrs
Band - B Schools	7hrs	9hrs	10hrs	14hrs	17hrs	21hrs	24hrs	41hrs	48hrs
Band - C Schools	10hrs	13hrs	15hrs	21hrs	26hrs	31hrs	36hrs	62hrs	72hrs

# Capital Considerations

## SCA

- Default allocation makes it pooled resource already
- Allocations based on need (strategically planned), formula allocation rarely works
- Some years one or two schools receive the majority of the funding, while other schools get very little

## DFC

- Can pool with a trustees' resolution
- Can then be better targeted
- Bundled purchasing secures better VFM
- We use DFC to support ICT capital investment (strategically planned)

## Other Capital (inc. CIF)

- Nearly always ring fenced so not a candidate for pooling



# Other Considerations

## The process continues to evolve...

Our Teaching Assistant model has had three different iterations already:

- **22-24** – All classes full time TA, +16 hours per EHCP + top up units as hours (deprivation not pooled)
- **24-25** – KS1 classes full time TA, KS2 morning only TA +13.5 hours per ECHP pupil + top up units as hours. Also additional hours for deprivation
- **25-26** – To be finalised but may be moving to a model which starts with a total Trust allocation made to towards the TA budget and then allocated between schools based on a deprivation only model.

# Other Considerations

## Other thoughts...

- The traditional rules still apply, e.g. staffing < 80% of Trust income – now considered at Trust level not individual school level.
- Important to monitor the class size / teacher - pupil ratio KPIs, and respond when thresholds are met.
- In the background still prepare your annual budget on a school-by-school basis
- Be aware what your Central Services are costing your Trust, be clear on what you will and will not include in the Central budget. Transparency is key, prepare to be challenged.
- You will need an “appeals” process in your financial handbook.

# Other Considerations

## Other thoughts...

- For certain budgets consider a centrally held contingencies to be able to react to changes throughout the year (AP is a good example)
- Pooling adjustments are made via the General Annual Grant funding (there are appropriate ledger codes to do this). In principle leaves the additional funding streams i.e. Pupil Premium with the school it was originally allocated too
- Be transparent at all times, involve key stakeholders when changes to budget allocations are considered or implemented (be aware, this takes time, but maintains trust and buy in)

# What Next for Our Trust?

- Continue to develop staffing KPIs to ensure they able to meet an ever-changing demand
- Consider who Extended Activity surpluses belong to?
- Look seriously at individual school's viability, including the cost of running the Central function
- Create a model for school reserves in the event school leaves the Trust.
- Continue to be open about evolving the process, remain true to the principles and values, in times of budget constraints this is likely to be tested.

# Questions?





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