SHARD Business Services

FINANCIAL MANAGEMENT

A Practical Guide for Schools and Academy Trusts

Effective financial management ensures resources are used wisely, risks are controlled and funding supports the best outcomes for pupils. It gives trustees and leaders the information they need to plan, challenge and act early.

Strong financial leadership delivers clarity, control and confidence.
It helps trustees make better decisions and leaders focus on impact.

SIX FOUNDATION PRINCIPLES

1 STRATEGIC LEADERSHIP

Trustees set the framework, challenge assumptions and ensure financial decisions support strategy, affordability and long-term sustainability.

Key Message: Lead with purpose.

2 GOOD PLANNING

Realistic budgets and forecasts anticipate pressures, allocate resources and protect financial resilience.

Key Message: Stress test assumptions.

3 EFFECTIVE MONITORING

Timely management information and variance analysis provide early warning and support informed decisions.

Key Message: Act early on issues.

4 STRONG CONTROLS

Clear policies, segregation of duties and approvals reduce risk, support compliance and protect public funds.

Key Message: Keep risk proportionate.

5 OPEN & ACCOUNTABLE

Accurate reporting, open governance and clear ownership demonstrate strong stewardship.

Key Message: Be open and accountable.

6 CONTINUOUS IMPROVEMENT

Use data, benchmarking and review outcomes to strengthen systems and performance over time.

Key Message: Review and improve.

FIVE KEY ACTIONS

- **PLAN** – Approve realistic budgets.
- **MONITOR** – Challenge variances monthly.
- **CONTROL** – Maintain strong controls.
- **REPORT** – Inform trustees clearly.
- **IMPROVE** – Benchmark and review.

TRUSTEE QUESTIONS

01 Are we financially sustainable?

02 Do we understand our key risks?

03 Is information timely and accurate?

04 Are controls operating effectively?

05 Are we achieving value for money?

PRACTICAL GUIDANCE

Monitoring income and expenditure monthly demonstrates strong financial management, enabling you to identify and address potential issues before they become significant problems.

1 PRACTICAL GUIDANCE

- Build realistic budgets and cashflow forecasts.
- Align spending to priorities and strategy.
- Use reserves to manage risk, not to balance budgets.

Keep it practical and actionable.

2 COMMON MISTAKES

- Over-reliance on one-off income.
- Inconsistent monitoring and reporting.
- Weak controls and undocumented processes.

Avoid these to reduce risk.

3 GOOD PRACTICE

- Rolling forecasts and scenario planning.
- Timely management information.
- Regular challenge and clear accountability.

Embed what good looks like.

THE 5 KEY ACTIONS

1 REVIEW
Review current position, risk and performance against plan.

2 PLAN
Plan for the future with robust budgets and scenario planning.

3 MONITOR
Monitor regularly with clear reports and variance analysis.

4 REPORT
Report accurately to trustees and ensure transparency.

5 IMPROVE
Improve systems, processes and financial performance.

SELF-ASSESSMENT CHECKLIST

	Yes	No	N/A
We have a clear financial strategy aligned to our goals.	☐	☐	☐
We have realistic budgets and cashflow forecasts.	☐	☐	☐
We monitor performance regularly and take action.	☐	☐	☐
Our controls are effective and regularly reviewed.	☐	☐	☐
We report accurately and on time to trustees.	☐	☐	☐
We learn from data and continually improve.	☐	☐	☐

USEFUL CONTACTS & RESOURCES

Statutory Guidance
DfE Academy Trust Handbook

Funding Guidance
DFE funding and performance updates

Professional Resources
CIPFA Schools Financial Value Standard

Governance Guidance
Academy trust governance resources

SBS Resources
Templates and support available on request