



Department
for Education

School resource management self- assessment checklist

Support notes for 2022 to 2023

September 2022

Contents

What has changed in this edition	6
Submitting the 2022 to 2023 SRM self-assessment checklist	7
Questions for the 2022 to 2023 SRM self-assessment checklist	8
A. Governance	8
1. Have the Chief Financial Officer, Accounting Officer and chair of trustees read the Academy Trust Handbook, noting changes from last year?	8
2. Has the board assessed its composition during the year in terms of skills, effectiveness, leadership and impact?	8
3. Does the Board have a plan in place to address any gaps in its capabilities through recruitment, induction, training or other development activity?	8
Boards could take various approaches including recruitment, induction, training and other development activities.	8
4. Has the board appointed the senior executive leader as accounting officer?	9
5. Has the board appointed a qualified and/or experienced chief financial officer (CFO)?	9
6. Has the board appointed a governance professional who is someone other than a trustee, principal or chief executive of the trust?	9
7. How many times has the board met in the last year?	9
8. Has the trust held an Annual General Meeting (AGM) with members in the last 12 months?	10
9. Has the board approved a written scheme of financial delegation?	10
10. Does the trust have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair? Where the finance committee and audit and risk committee are separate, the chair should not be the same.	10
11. Does the trust have an audit and risk committee?	11
12. Are trustees assured that risks are managed and a risk register is maintained?	11
13. Does the academy trust operate in accordance with the requirements in the Academy Trust Handbook to identify and avoid conflicts of interest, and to report and manage and related party transactions?	12
14. Has the trust published its governance arrangements on its website in accordance with the Academy Trust Handbook?	12
Further information	12

B. Trust financial strategy	13
15. Has the board of trustees carried out a going concern assessment of the trust to inform the basis of the preparation for financial statements?	13
16. Can the trust evidence that its 3-year financial forecast has been reviewed by the trustees before approval?	13
17. Can the trust evidence that trustees have taken financial performance in previous years into account (e.g., adjustments for areas of significant underspend or overspend)?	13
18. Are the assumptions behind the 3-year forecast, including pupil number projections, documented and challenged by the board?	13
19. If a cumulative deficit has been forecast within the three-year budget, is there a plan to mitigate it?	13
20. Is the financial strategy integrated with the trust's strategy for raising standards and attainment?	14
21. Does the trust survey its physical estate and ensure appropriate capital provision in budget setting?	15
22. Does the trust have an appropriate business continuity plan, including adequate insurance cover?	15
Further information	15
C. Setting the annual budget	17
23. Does the trust set a well-informed and balanced budget which is approved, in advance, by the board?	17
24. Does the budget setting process allow sufficient time for the trust board to scrutinise and challenge the information provided?	17
25. Do trustees challenge pupil number assumptions and can the trust move quickly to recast the budget if the projections and reality are materially different?	17
26. Is end year outturn in line with budget projections, or if not, is the trust board alerted to significant variations in a timely manner, and do they result from planned changes or from genuinely unforeseeable circumstances?	17
27. Are balances at a reasonable level and does the trust have a clear plan for using the money it plans to hold in balance at the end of each year?	18
Further Information	18
D. Staffing	19

28. Does the trust review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the trust whilst maintaining financial integrity?	19
29. Is the pay of senior leaders tightly correlated to strong educational outcomes and sound financial management?	19
30. Does the trust benchmark the size of the senior leadership team in its schools annually against that of similar schools?	20
31. Has the academy trust published on its website the number of employees whose total benefits exceeded £100k?	21
Further information	21
E. Value for money	22
32. Does the trust benchmark its income and expenditure and that of its schools annually against that of similar trusts and schools and investigate further where any category appears to be out of line?	22
33. Has the trust considered the results of the self-assessment dashboard or other DfE benchmarking tools?	24
34. Does the trust have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	24
35. Are the trustees given the opportunity to challenge their staffs' plans for replacing contracts for goods and services that are due to expire shortly?	26
36. Does the trust consider collaboration with others, for example on sharing staff or joint purchasing, where that would improve value for money?	27
37. Does the trust compare its non-staff expenditure against the DfE approved frameworks to ensure best value for money?	29
Further information	29
F. Protecting the public purse	31
38. Are the trustees sure that there are no outstanding matters from audit reports?	31
39. Are the internal scrutiny arrangements, as defined in the Academy Trust Handbook, adhered to?	32
40. Does the trust regularly review its internal control arrangements to safeguard against fraud, theft and cybercrime by staff, contractors, suppliers and other third parties?	32
41. Are all staff aware of the trust's whistleblowing arrangements and to whom they should report concerns?	32

42. Does the trust have an accounting system that is adequate and properly run and delivers accurate reports, including the required returns to ESFA?	32
Further information	34

What has changed in this edition

There were a small number of [changes](#) to the Academy Trust Handbook for 2022-23, none of which have affected this guidance. Therefore, changes to the SRM Self-Assessment Checklist in 2022-23 are also minimal.

This includes:

Governance

- Included reference to maintaining a risk register in the question, to reflect the expectation in the Academies Trust Handbook [\[Q12\]](#)

Trust financial strategy

- Included “and challenged by the board” in the question, to reflect the expectation in the Academies Trust Handbook [\[Q18\]](#)
- Provided more information to summarise departmental Good Estate Management for Schools (GEMS) guidance [\[Q21\]](#)
- We have included a question and provided additional information on academy trusts’ responsibility to manage their estate effectively, in line with the Trust Handbook. Estates should be managed in a strategic way, with an estate vision, strategy and asset management plan in place. It is important that trusts understand the condition of their buildings, particularly when managing older estates, so they can ensure buildings remain safe and in good working order [\[Q21b\]](#)

Value for money

- ‘Online resources’ updated to provide a link to the most recent DfE funded SRM webinars, available to view on record [\[Q34\]](#)
- Links to the Get Help Buying for Schools service provided [\[Q34\]](#)
- Included a link to a Procurement Policy Note 10/21, with updated threshold values for the Public Contracts Regulations and sets out a change for estimating contract values to be inclusive of VAT [\[Q36\]](#)

The length of the document has been shortened by removing repetitive text.

Submitting the 2022 to 2023 SRM self-assessment checklist

Please use the following online form to submit your checklist:

<https://education.gov.uk/srmsa>. The deadline for academy trusts to submit their 2022-23 check list is 15 March 2023. The form will go live in January 2023.

You may have used this type of form before, for example for your Accounts Submission Coversheet (ASC) or a previous year's SRM SAT. You should log in using the same details as before. Your DfE sign in or IDAMS registration details will not work with this form. If you have forgotten your login details, or have not used the form before, you can request a new password or create an account here: <https://education.gov.uk/srmsa>.

You can also sign up to create an account or request a new password. There may be a delay in receiving a password reset email. If the email does not appear in your email inbox within 30 minutes, please check your junk or spam folders and any possible issues with your IT department (e.g., a firewall that could be blocking the email) before contacting ESFA. If you still have not received confirmation, please report this issue via the [ESFA feedback form](#) and we will investigate this matter for you. This also applies if you have submitted a form and not received a confirmation email.

If your company number is not recognised on the online form, this may be because there is an extra space in the field you are trying to enter the information to. Please re-enter the company number. All academy trusts that have an open academy on 31 December 2022 must submit a checklist. If you do not have an open academy on 31 December 2022, you are not required to submit a checklist and the form will not recognise your company number.

If you make any errors, you can resubmit the checklist. The system will identify the most recent submission as the valid return.

Please ensure timely submission of the checklist, which is essential to ESFA for giving assurance to Parliament that academy trusts have used public money for the purposes intended. This is a requirement within trusts' funding agreements and the Academies Trust Handbook (also known as the Academies Financial Handbook) (section 6.9). Any breach is an indicator of increased risk and can result in intervention, which may include the issue of a Financial Notice to Improve.

Questions for the 2022 to 2023 SRM self-assessment checklist

A. Governance

1. Have the Chief Financial Officer, Accounting Officer and chair of trustees read the Academy Trust Handbook, noting changes from last year?

1a. Do they understand their role in complying with the trust's charitable objects, with company and charity law, and with the funding agreement?

The [Academy Trust Handbook](#) sets out the financial management requirements that apply to academy trusts. Academy trusts must comply with this handbook as a condition of their funding agreement. The Handbook is revised and updated every year.

Trustees have a statutory duty to comply with the trust's charitable objects, with company and charity law, and with their contractual obligations under the funding agreement. Company directors' duties are described in sections 170 to 181 of the Companies Act 2006. [See section 1.14 of the Academy Trust Handbook.](#)

2. Has the board assessed its composition during the year in terms of skills, effectiveness, leadership and impact?

The [Governance Handbook](#) provides information on how trusts can build an effective board and how boards should review their effectiveness regularly. The handbook also includes training material to help board members develop and engage fully with their role. Trusts should refer to the [competency framework for governance](#) in determining whether they have any skills gaps.

The importance of assessing the skills and effectiveness of the board is reinforced in the [Academy Trust Handbook \(sections 1.27 - 1.31\)](#).

3. Does the Board have a plan in place to address any gaps in its capabilities through recruitment, induction, training or other development activity?

Boards could take various approaches including recruitment, induction, training and other development activities.

4. Has the board appointed the senior executive leader as accounting officer?

4a. Has the board assured itself that the senior leader has appropriate skills to fulfil their role as accounting officer in accordance with the financial responsibilities of the duty to the public purse?

[Sections 1.33 – 1.44 of the Academy Trust Handbook](#) explain the roles and responsibilities of the accounting officer and contain information on appointing an accounting officer.

The Chartered Institute of Public Finance & Accountability (CIPFA) also produces guidance on the [Role of the Accounting Officer in an Academy](#).

5. Has the board appointed a qualified and/or experienced chief financial officer (CFO)?

[Sections 1.45 - 1.48 of the Academy Trust Handbook](#) are concerned with the skills and experience of the chief financial officer.

Good practice

The trust should identify whether staff with financial responsibility have the necessary skills.

Trusts should analyse the skills of staff with financial responsibilities to look for any gaps and identify any training and development needs. One way to achieve this is with a skills matrix. As well as appointing a qualified and/or experienced CFO, trusts need to ensure that financial skills and knowledge are, so far as possible, spread around different members of staff. This will help to deal with staff absences, with the situation where a key member of staff decides to leave the organisation, and with ensuring controls and separation of duties as a precaution against mistakes or fraud.

6. Has the board appointed a governance professional who is someone other than a trustee, principal or chief executive of the trust?

[Sections 1.49 - 1.50 of the Academy Trust Handbook](#) are concerned with the skills and responsibilities of the clerk to the board. This includes information about the [Clerking competency framework](#).

7. How many times has the board met in the last year?

7a. If less than 6 times, has the board explained in the governance statement how it has maintained effective oversight and regulatory compliance?

[Section 2.3 of the Academy Trust Handbook](#) includes information on trust board meetings and the frequency of meetings.

8. Has the trust held an Annual General Meeting (AGM) with members in the last 12 months?

(If answering “no”) 8a. Please provide details of any alternative arrangements for communicating with members.

(If answering “yes”) 8b. What percentage of members attended the AGM?

It is **not** a requirement for all trusts to hold an AGM, however it is important that the trust communicate and inform their members and that members have an opportunity to ask questions of trustees. AGMs can be a good opportunity for formal interaction between trustees and members to take place and for progress updates against the trust’s strategy to be provided.

[Sections 1.2 - 1.8 of the Academy Trust Handbook](#) provide more information on the role of members. Gov.uk also provides [information and guidance on charity meetings](#) including AGMs.

9. Has the board approved a written scheme of financial delegation?

[Sections 2.4 - 2.5 of the Academy Trust Handbook](#) are concerned with the requirement for a scheme of financial delegation. For example, this could include details of the financial powers and spending decisions retained by the board, and those it has delegated to committees, local governing bodies and named individuals in the trust.

10. Does the trust have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair? Where the finance committee and audit and risk committee are separate, the chair should not be the same.

The role of the trust’s finance committee (or equivalent)

[Section 2.5 of the Academy Trust Handbook](#) states that the academy trust should have a finance committee to which the board delegates financial scrutiny and oversight.

The finance committee is not mandatory and so trusts can determine their individual requirements and delegate their financial responsibilities to one or more committees, if desired.

What are clear terms of reference for a finance committee?

In trusts where a finance committee has been set up, the trust board must set clear terms of reference for this committee. The trust board should define in writing the terms of reference for the committee and the extent of its delegated authority. These should be reviewed annually or if there are any changes to the committee members. The committee’s terms of reference set out the parameters of its operations and the limits on the powers which have been delegated.

Terms of reference for the finance committee might include:

- recommendation of the annual budget to the trust board including the delegation of the budget responsibilities to budget managers
- regular monitoring of actual income and expenditure against each budget and revised forecast for the year
- awarding of contracts by tender up to a specified limit
- delegation limits above which the approval of the trust board is needed before goods or services can be purchased or money can be moved between budget headings – the level of these limits will vary according to the size of the trust and the structure of its governance

What knowledge and experience does the chair need?

It's important that the chair of the finance committee has a good understanding of financial matters and experience in chairing committees or meetings. They need to be able to:

- lead the development of strategic plans
- identify viable options and select or recommend those most likely to achieve the school's goals and objectives
- have a clear understanding of best financial management practice and the trust's performance compared to it
- understand the mandatory financial requirements for the trust and the ESFA's requirements, as set out in the [Academy Trust Handbook](#)
- understand the importance of communicating the trust's performance to stakeholders
- have a commitment to the trust and the work of the trust board
- present information and views clearly and influentially to others

11. Does the trust have an audit and risk committee?

11a. Does the audit and risk committee reflect minimum good practice by precluding employees from its membership?

11b. How many times has the audit and risk committee met in the last 12 months?

See section [3.6 - 3.14 of the Academy Trust Handbook](#) for the requirements and expectations of a trust audit and risk committee, including information on membership and frequency of meetings.

12. Are trustees assured that risks are managed and a risk register is maintained?

[Sections 2.38 - 2.42 of the Academy Trust Handbook](#) provide information on management of risk and risk protection.

13. Does the academy trust operate in accordance with the requirements in the Academy Trust Handbook to identify and avoid conflicts of interest, and to report and manage and related party transactions?

[Sections 5.35 - 5.59 of the Academy Trust Handbook](#) set out the requirements to manage related party transactions and potential conflicts of interest.

14. Has the trust published its governance arrangements on its website in accordance with the Academy Trust Handbook?

[Sections 2.49 - 2.51 of the Academy Trust Handbook](#) set out the requirements related to the transparency of governance.

Further information

The [National Governance Association \(NGA\)](#) provides guidance on matters relating to governors and governance, including online finance training.

[Governors for Schools](#) provides information on recruiting volunteers to serve on school governing bodies and guidance for schools having difficulty [recruiting governors](#) with financial expertise.

The DfE and ESFA provide [online information, tools, training and guidance](#) to help schools improve their financial management and efficiency, including specific guidance for governors.

An objective independent external review of the effectiveness of the board can be a more powerful diagnostic tool than a self-evaluation. An external review of governance can help the board to be more skilled, focused and effective, be clear in its vision and how it can achieve this, and be confident it has the appropriate skills to meet its needs. More information can be found on [gov.uk](#).

Suppliers of financial management software – most suppliers provide courses on how to use their systems. The courses are run directly or through a training company.

[Institute of School Business Leadership \(ISBL\)](#) – provides information and training for all those involved in school business management, enabling staff to update their financial management knowledge and skills.

B. Trust financial strategy

15. Has the board of trustees carried out a going concern assessment of the trust to inform the basis of the preparation for financial statements?

(if yes) 15a Can the board clearly evidence the information and data used to inform this assessment and the assumptions made.

DfE have provided [guidance on operating an academy trust as a going concern](#). This guidance includes information on accounting and audit requirements as well as guidance on challenging financial information.

16. Can the trust evidence that its 3-year financial forecast has been reviewed by the trustees before approval?

[Sections 2.8 – 2.17 of the Academy Trust Handbook](#) provide details of the budget requirements expected of academy trusts including the production of a three-year budget forecast return.

17. Can the trust evidence that trustees have taken financial performance in previous years into account (e.g., adjustments for areas of significant underspend or overspend)?

[Section 2.11 of the Academy Trust Handbook](#) provides information on ensuring budget forecasts are compiled accurately. Trustees should understand the reasons for significant differences between budgeted and actual income and expenditure, and ensure these lessons are reflected appropriately in the preparation of the following year's budget.

18. Are the assumptions behind the 3-year forecast, including pupil number projections, documented and challenged by the board?

[Section 2.12 of the Academy Trust Handbook](#) is concerned with the estimates used to underpin forecasts. Trustees should satisfy themselves that adequate backing documentation exists to explain the factors underpinning the budget.

19. If a cumulative deficit has been forecast within the three-year budget, is there a plan to mitigate it?

[Sections 2.8 - 2.23 of the Academy Trust Handbook](#) are concerned with budget setting, submission and monitoring. Identifying and addressing the causes of a potential deficit early will help ensure the trust balances its budget and does not breach the Academy Trust Handbook.

20. Is the financial strategy integrated with the trust's strategy for raising standards and attainment?

There should be a clear and demonstrable link between the education/curriculum the schools in the trust want to deliver and how affordable this is. This can be done by looking at core metrics and benchmarking these across other schools in the trust or beyond. This includes:

- average class size
- teacher contact ratio
- pupil to teacher ratio
- percentage of spend on teachers and teaching assistants
- average teacher costs
- size of the leadership team

This way the trust can be confident that its schools are making the best use of their teaching and support staff, focusing their time on activities that directly improve pupils' outcomes. See below for further information on how to achieve this.

Why is it important that there is a clear and demonstrable link between the trust's, and its schools', budget(s) and the plan for raising standards and attainment?

The trust's main function is to ensure its pupils achieve their full potential and are prepared for adult life. The school's budget must support the trust's priorities for raising standards and attainment, and to do this effectively requires strategic spending decisions and getting value for money. Integrating planning for the programme of learning – what the school wants to teach and the teaching resources needed to deliver this – alongside the financial planning is an effective way of achieving this. This enables the trust to weigh up whether it has enough funds to pay for the proposed learning plan/curriculum or needs to make changes.

How to link the trust's plan to raise standards and attainment to its financial plans and budget.

To ensure that the learning plan or curriculum is viable and that its implementation is feasible, it should be supported by a financial plan that costs each element of it. When undertaking this process it's important that:

- senior educational leads and school business professionals are involved in the discussions
- decisions are made with reference to some core metrics to ensure staff are deployed as effectively as possible – some key metrics are average class size, teacher contact ratio, pupil to teacher ratio, percentage of spend on teaching staff and teaching assistants, the average teacher cost and size of the leadership team
- the metrics for the school are benchmarked across other schools in the trust or to other similar schools outside the trust
- the position is monitored regularly throughout the year

DFE has published information on [Integrated Curriculum and Financial Planning](#) to help schools and trusts to create the best curriculum for pupils with available funding.

What should you do if there is not a clear and demonstrable link between the planning of the trust's budget and its learning plan or curriculum?

Trusts should integrate the process of setting budgets and setting the programme of learning, making sure there is a clear and demonstrable link between the trust's/school's budget and the plan for raising standards and attainment. There is further information in the links below about how to achieve this.

21. Does the trust survey its physical estate and ensure appropriate capital provision in budget setting?

21a. Are trustees aware of their duties under Health and Safety Legislation?

21b. Does the trust have an estate vision, strategy and asset management plan?

We expect all trusts and schools to manage their estate effectively and strategically, to maintain it in a safe working condition. [Good Estate Management for Schools \(GEMS\)](#) provides guidance on how to do this, including information on:

- Strategic estate management – having an estate vision, strategy and asset management plan
- Information you need to know about your estate
- Planning and prioritising maintenance
- Health and safety

This guidance includes specific information on health and safety and compliance with appropriate legislation.

22. Does the trust have an appropriate business continuity plan, including adequate insurance cover?

[Sections 2.38 – 2.42 of the Academy Trust Handbook](#) provide information on requirements of academy trusts concerning business continuity and insurance.

Further information

As part of the School Resource Management programme, the DfE and ESFA provide [online information, tools, training and guidance](#) to help schools improve their financial and resource management.

Information on the [Risk Protection Arrangement](#) is available.

There is information outlining good practice in academy trust financial management and assurance in the ESFA's [Academy trust financial management good practice guides](#).

C. Setting the annual budget

23. Does the trust set a well-informed and balanced budget which is approved, in advance, by the board?

[Sections 2.8 - 2.17 of the Academy Trust Handbook](#) provide details of the budget setting requirements of academy trusts.

24. Does the budget setting process allow sufficient time for the trust board to scrutinise and challenge the information provided?

[Sections 2.8 - 2.23 of the Academy Trust Handbook](#) provide details of the financial planning and budget monitoring requirements of academy trusts.

The trust board should be involved early in the process of developing the budget for the following financial year, and consistently from then on. Given trusts must submit three-year budget forecasts to ESFA, a discussion on budget setting for future years, well informed by information from staff, will need to be held each financial year.

25. Do trustees challenge pupil number assumptions and can the trust move quickly to recast the budget if the projections and reality are materially different?

[Section 2.12 of the Academy Trust Handbook](#) states the board should challenge pupil number estimates that underpin revenue projections and review these termly.

Pupil numbers have by far the biggest influence on the grant income received by the trust. It's therefore essential that they are forecast accurately and on the most realistic basis. Pupil numbers should be projected on the basis of relevant data, including what is:

- happening to child numbers in the local area
- known of the relative attractiveness to parents of different schools
- known of trends in previous years

In setting its budget the trust should be aware that pupil numbers may not turn out exactly as projected. It should make:

- a realistic assessment of uncertainty
- contingency plans for what it will do in-year if the pupil numbers in the autumn term are different from its projections

26. Is end year outturn in line with budget projections, or if not, is the trust board alerted to significant variations in a timely manner, and do they result from planned changes or from genuinely unforeseeable circumstances?

[Sections 2.18 - 2.23 of the Academy Trust Handbook](#) provide details of the budget monitoring requirements of academy trusts.

It will be important for the trust to understand the reasons and take appropriate action to remain in a financially stable position where it identifies variances between:

- actual income and expenditure in the year to date, compared to budgeted income and expenditure to date; and/or
- the latest projected full year outturn and the original full-year budget.

Why should outturn be close to budget projections?

This would demonstrate that the budget has been well planned and that the costs likely to arise have been taken into account. If this happens, the trust will not risk falling into an unplanned deficit or ending up with an excessive surplus for which it has no plans.

What factors might cause outturn to be different from budget even if the planning was good?

The trust might need to plan changes during the year, for example, if more or fewer pupils arrived in September than it had expected.

Alternatively, there might be genuinely unforeseeable circumstances such as the long-term illness of one or more members of staff.

27. Are balances at a reasonable level and does the trust have a clear plan for using the money it plans to hold in balance at the end of each year?

[Section 5.29 of the Academy Trust Handbook](#) provides information on managing surplus General Annual Grant balances.

Trusts should regularly check that they have plans for the money they are holding to ensure they are getting the most benefit and best value for money from their budgets.

Further Information

The DfE and ESFA provide [online information](#), tools, training and guidance to help trusts and schools improve their financial management and efficiency, including on the benefits of workforce planning.

Data on trust and academy balances can be found by using [Schools financial benchmarking](#).

D. Staffing

28. Does the trust review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the trust whilst maintaining financial integrity?

What is a staffing structure?

The structure is how the staff of the trust are organised and deployed. It may be helpful to have a chart showing central staff of the trust, and senior staff in schools. A staffing chart for each school is also helpful. The structure is also about where and how staff are deployed, e.g., when they teach, what they teach, how leadership and supervision are arranged.

How often should this be reviewed and why is it important?

Structures should be reviewed annually along with the curriculum and plans for improvement, and as part of workforce planning. An example 12-month staffing review cycle is included in the school [workforce planning](#) guidance.

Staffing costs make up 70 to 80% of an average trust's expenditure. Regular reviews enable the trust to invest in the right mix of staff, and in high quality professional development, to maximise pupil outcomes and value for money. They also ensure the structure matches as closely as possible the current and future needs of the trust, which will change over time.

What can the trust do to achieve this?

The Department for Education (DfE) has published guidance on [workforce planning](#). This provides information about what should be considered as part of regular staffing reviews, and information about case studies and best practice. Trusts are advised to plan over the medium to long term (three to five years).

The staffing structure itself should be described in an open document(s) for all staff to see. It should be clear and accurate, and identify roles and responsibilities attached to posts. It's also good practice to display staff details and roles on a school's website and notice boards, to provide transparency to pupils and parents.

29. Is the pay of senior leaders tightly correlated to strong educational outcomes and sound financial management?

[Sections 2.30 - 2.34 of the Academy Trust Handbook](#) sets the expectations on academy trusts in relation to the pay of senior leaders.

Trusts should seek professional independent advice from an expert advisor whenever they are unsure of how to determine senior leader salaries, and especially if they are thinking of setting a salary higher than would be normal for the size and type of trust.

Final decisions are at the discretion of trusts, but due regard should be given to all relevant advice.

30. Does the trust benchmark the size of the senior leadership team in its schools annually against that of similar schools?

Why it is important to benchmark the size of a senior leadership team (SLT)

The SLT can play an important role in both the strategic and day-to-day running of a school or trust. However, the effectiveness of a SLT is not necessarily proportionate to its size. Having a high proportion of the workforce in the leadership group may suggest that not enough of the workforce is focused on teaching.

There is no single staff structure that will suit all schools. Contextual factors, including funding, pupil demographics, and school improvement priorities, play an important part.

Understanding how the size of a SLT compares with similar schools can help to identify if the staffing structure is top-heavy and whether there is potential to direct more resource from the SLT into the classroom.

Good practice

Benchmarking staffing structures, including the size of the SLT can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking should be used to improve the quality and impact of education and should not be used solely to focus on reducing costs. You should select a cohort of schools based on the characteristics of the school you are benchmarking, for a 'like for like' comparison.

The Schools Financial Benchmarking tool includes a self-assessment dashboard that provides this data, including a comparison of the proportion of the school workforce in the senior leadership team with those of broadly similar schools with a RAG rating based on this comparison.

The [View My Financial Insights](#) tool can also be used to benchmark spend and workforce.

Interpreting the chart data

The Schools Financial Benchmarking tool includes a workforce tab which allows schools to see their workforce data. This information can be displayed in various ways, including as a total, a proportion or in comparison with their number of pupils. The comparison benchmarking charts can also be displayed in this way. Care should be taken when interpreting comparative charts. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for being out of line in a particular category.

What to do if the proportion of senior leaders appears to be out of line with similar schools.

Trusts should consider whether the school has particular circumstances that create valid reasons for their staffing structure. They should also consider contacting the similar schools that are identified through the benchmarking process, to determine if there is anything that can be learned from them about how a different size leadership team can achieve greater pupil progress.

31. Has the academy trust published on its website the number of employees whose total benefits exceeded £100k?

[Section 2.32 of the Academy Trust Handbook](#) provides information on the publication of executive pay. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments.

Further information

The [school resource management collection](#) contains a range of resources to help schools improve their financial management and efficiency. This includes [workforce planning](#) guidance and [signposting to relevant training and development opportunities](#).

Information on [staff employment and school teachers' pay and conditions](#) is available.

E. Value for money

32. Does the trust benchmark its income and expenditure and that of its schools annually against that of similar trusts and schools and investigate further where any category appears to be out of line?

What is benchmarking and why is it important?

Benchmarking is a process for comparing income and expenditure in detail with that of similar trusts or schools to consider whether and how resources can be used more effectively and to identify where changes can be made. This process should be undertaken annually, but benchmarking can also be carried out at any time when reviewing school contracts for procuring goods and services. Trusts should report their findings from benchmarking to the trust board.

We offer two key tools to support with this:

- [schools financial benchmarking](#), which is public-facing and open for anyone to use
- [view my financial insights \(VMFI\)](#), which provides users in academy trusts, schools and LAs with an automated assessment of their school's data based on similar schools.

What information should trusts use to benchmark their income and expenditure?

All maintained schools submit their income and expenditure data using the Consistent Financial Reporting (CFR) framework, and academies likewise through the Academy Accounts Return (AAR). This standardised set of codes enables schools to compare their income and expenditure with that of similar schools – academies can if they wish confine their comparisons to other academies but they can also include maintained schools in the comparison.

From the financial benchmarking website, trusts can access simple charts and reports for their boards to show how their schools spend money in comparison to other schools. Trusts can also compare themselves at trust level against other trusts.

Within VMFI, trusts are provided with a prioritised list of areas for investigation. They can also see dashboards showing how all of their schools benchmark in particular categories. VMFI also compares academies against different schools for each cost, e.g., the comparator schools for premises and utilities are based on building characteristics, not pupil characteristics.

Selecting the right schools to benchmark against

Trusts should select a cohort of schools based on the characteristics of the school they are benchmarking. Trusts should be selecting “like for like” to get a better understanding of their school's income and expenditure and that of other schools in the benchmark set. The characteristics of the selected set should allow sound comparisons to be made, enabling trusts to ask questions about different categories of income and expenditure and encourage constructive discussions with comparator schools to help the school make changes in performance over time. If a school is compared to dissimilar schools or

a random group then the differences are likely to reflect the school's different circumstances, such as proportions of pupils eligible for Free School Meals (FSM), rather than help identify ways to secure better value for money in the school. Typical parameters for selection would include area, school size and percentage of pupils eligible for FSM. Both of the Department benchmarking resources offer a quick comparison using pre-determined characteristics, or users can make a more detailed selection of characteristics for themselves.

All trusts should ensure they are benchmarking effectively

Trusts should use benchmarking as a contributing factor for:

- planning and managing their and their schools' budgets
- identifying areas and setting targets for improved use of resources
- achieving value for money in expenditure and improving its effectiveness in driving performance

Benchmarking income and expenditure can help create a cycle of continuous improvement and develop a culture where it's easier to question the norm and make changes. Benchmarking is not used solely to focus on reducing costs, but also to improve the quality and impact of school services. Benchmarking can be used as a tool for improving or bringing about change and raising standards.

Interpreting the chart data

Care should be taken when interpreting comparative income and expenditure data. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for spending being out of line in a particular category.

What to do if your trust does not regularly benchmark

The trust should begin to benchmark immediately. As trusts are responsible for spending large amounts of public money each year, they need to demonstrate value for money to parents, auditors and regulators by showing that this money is being well spent to achieve the best outcomes for their pupils.

What to do if a category of spend appears to be out of line

First, trusts should consider whether the school has particular circumstances that create valid reasons for this. If there are not, they should consider how it has occurred and how the use of these resources can be improved in future.

33. Has the trust considered the results of the self-assessment dashboard or other DfE benchmarking tools?

To achieve good school resource management, it is important for the trust to consider the results of benchmarking to see if there are any areas where they could use their resources more effectively. From the schools financial benchmarking website, trusts can find the self-assessment dashboard which shows how a school's data compares to thresholds on a range of statistics that have been identified by the Department as indicators of good resource management.

VMFI also compares the financial performance of each school against statistically similar comparator schools which are calculated using either pupil characteristics or building attributes, depending on which is the main driver of that particular cost category. VMFI provides a prioritised list of areas that may require further attention as well as matching each school's data to relevant guidance and resources.

34. Does the trust have procedures for purchasing goods and services that both meet legal requirements and secure value for money?

[Sections 2.27 - 2.29 of the Academy Trust Handbook](#) provides details of the procurement requirements of academy trusts.

What procedures are needed for purchasing goods and services?

Procurement describes the whole process of identifying the goods or services a trust needs to meet its objectives, deciding how to acquire these, choosing the supplier that provides the most economically advantageous (quality, price, technical, functional) bid, receiving goods or managing contracts, and paying for the purchased goods or services. Robust procurement procedures are needed to ensure that every purchase is managed in the most effective and appropriate way. The higher the amount being spent, the more formal this process needs to be, with the full rigour of the Public Contracts Regulations applying to all procurements over the thresholds.

Why do trusts need to understand and deliver effective procurement processes?

Trusts have a duty to ensure purchases (or leases) made with public funds are fair, legal and transparent, as well as securing the best possible value for money. They must be able to demonstrate that they are achieving regularity, propriety and value for money.

Staff involved in purchasing decisions should have basic procurement skills and understanding

Anyone in the trust or its schools who is involved in buying and spending decisions should be aware of – and comply with – the Public Contracts Regulations, including the [National Procurement Policy Statement](#). Ways to improve the skills and knowledge of staff include (see also the further information):

- [online learning resources](#) – a series of webinars on SRM are available, including a module on procurement

- accredited qualifications and/or training – for example, courses run by the Chartered Institute of Purchasing & Supply
- advice and coaching from other staff with procurement qualifications or experience
- seeking help and advice from local schools and other education providers
- joining a local [School Business Professional Network](#)

Establish basic procurement procedures and make sure they are used

Basic procurement good practice procedures include:

- a scheme of delegation with levels of authority that set out threshold values and requirements, including when it is necessary to obtain written quotations and tenders
- clear designated roles to ensure separation of duties between staff responsible for making buying decisions and making payments
- a basic decision tree or procedural manual, setting out what needs to happen at each stage of procurement

For example, trusts should:

- identify the need – why does the school or trust want to purchase this? Is there sufficient budget? Is it the highest priority right now? Does it link to the trust's development plan or educational outcomes the organisation is looking to achieve?
- decide the right procurement approach – procurements within scope of the Public Contracts Regulations must be managed accordingly, to ensure probity and minimise the risk of costly mistakes and legal challenge
- understand the market – is there a good choice of suppliers? Does the school or trust know what kind of prices and deals to expect?
- choose the supplier – for low-value purchases, this may mean getting three quotes and selecting the best value for money bid. High-value purchases should be subject to competition
- manage receipt – check goods have arrived as described, or manage on-going service contracts to maintain the quality of delivery
- make payment – one-off or on-going over the life of a contract
- proactively plan for and manage the end of the contract – e.g., disposing of any obsolete assets and reflecting on any lessons you and/or your suppliers can learn for the future

Procurement good practice includes the consideration of leasing goods and services rather than buying them. An operating lease is a rental type agreement where the trust pays a fee for the hire of the equipment and is the only type of lease a trust can enter into. A finance lease is akin to hire purchase and cannot be entered into as it's a form of borrowing. The Department has issued [specific guidance on leasing and subscription services for school equipment](#).

Get value for money from every purchase

Trusts should:

- apply a proportionate approach to low value purchases, with greater focus and rigour applied to higher value/complex procurement
- apply the principles of the Public Contracts Regulations and ensure competition is the default approach to encourage established suppliers to offer better value deals
- use [frameworks](#) (lists of suppliers who have overarching agreements with public bodies) – this can reduce the risk of not complying with legal requirements and reduce the procurement procedures required because suppliers will have already been through some of them, Frameworks are created through open competition and can provide terms and conditions which are specific and supportive of the education sector, saving time and resources
- get expert advice for specialist purchases – where frameworks cannot be used, trusts should use [Get Help Buying for Schools](#). Alternatively, trusts may pay for professional help with complex procurements
- think creatively – are there opportunities to work in partnership with other schools or educational bodies in the area?
- review existing contract and lease arrangements to make sure they are in line with DfE policy and guidance on buying and leasing

What to do if your trust doesn't have a procurement/purchasing protocol

Trusts should use the suggestions set out above to improve knowledge and understanding of what procurement is and how it can help to deliver its objectives and make best use of the available budget. Trusts should then develop and use a protocol ensuring effective procurement controls in future.

What to do if your trust is not complying with procurement regulations or its own established procedures

Trusts should ensure procurement capability is a core part of their overall planned capability, so the organisation has capacity for appropriate competence in this area. Make sure all staff involved in procurement, including those who approve any spending decisions, understand the legal consequences of noncompliance. Trusts may need legal advice if they or their schools have signed contracts that may be vulnerable because proper procurement procedures were not followed, or if they're 'trapped' in a costly on-going contract.

35. Are the trustees given the opportunity to challenge their staffs' plans for replacing contracts for goods and services that are due to expire shortly?

The trust board and accounting officer are responsible for ensuring that the trust is achieving value for money, including through procurement contracts. To achieve value for money it is often important for trustees to challenge the requirement, the procurement route and route to market. Procurement tender exercises can sometimes take time. It is therefore important that when a contract is approaching the end of its term, trustees are made aware of a procurement requirement or the end of a current contract in plenty of time to enable procurement plans to be drawn up to re-let the contract.

Good practice

A trust must maintain a contract register, which should include:

- the contract start and end date
- the current value of the contract
- the lead-in time for procurement
- information on early termination – for example, any dates or penalties incurred for early termination
- any potential for extension of the contract, if already in the terms of the contract
- an indication of exit strategies or re-procurement plans

The register should be shared with trust boards or local governing bodies, depending on the scheme of delegation, regularly to make them aware of any upcoming milestones in the contract register timetable and provide them an opportunity to challenge procurement plans.

36. Does the trust consider collaboration with others, for example on sharing staff or joint purchasing, where that would improve value for money?

Collaboration usually involves either:

- sharing resources – expertise, advice, and knowledge as well as tangible resources such as equipment or staff
- collaborating to buy goods, works or services – this produces bigger and more valuable contracts, which are more attractive to suppliers, and so improves the opportunities to secure better deals

How can collaboration improve value for money?

Sharing valuable skills and knowledge makes procurement more effective, helping schools and trusts to learn from the experiences of their peers, and support the development of organisational competence.

Sharing costly resources can be particularly effective if several schools can agree a 'rota' to use. For example:

- specialist science or maintenance equipment
- joint use of a single teacher for a minority subject

Collaborative procurement offers opportunities to leverage a good value deal from the combined buying power that no individual school would have when buying by itself. Utilising DfE approved frameworks and the expertise of Public Sector Buying Organisations can support the development of collaborative purchasing power.

Be open and willing to discuss options with schools and trusts in your area

Effective collaboration depends on taking the initiative to establish good open working relationships with other schools, to discuss key objectives and priorities, including on procurement, and to be honest about areas of vulnerability, such as a lack of experience in specialist procurement markets. Some schools and trusts are understandably reluctant to admit to poor procurement decisions in the past, but these can be valuable lessons to other schools in avoiding pitfalls.

Be innovative

Some forms of collaboration are familiar, such as schools joining together to procure common goods and secure discounts. Look out for less typical options for collaborative buying. For example, negotiating a shared contract for buildings maintenance. This would have advantages for potential service providers in ensuring a constant stream of regular work across several schools and trusts, rather than less predictable intermittent work required for just one school. A collaborative contract of this kind is attractive to suppliers which can make them keener to offer competitive terms to secure the business.

Be aware of the particular challenges in any collaborative procurement

Trusts should aggregate the full value of the whole contract over its entire term, not just consider the amount they or their schools are initially paying. Higher-value contracts will require a greater level of compliance with procurement regulations, including legal restrictions if the value is over the current thresholds for public sector contracts. Contracts over the threshold in the [Procurement Policy Note 10/21: Thresholds and Inclusion of VAT](#) are in scope of the Public Contracts Regulations. These values are reviewed every two years.

Key things to consider include:

- who will have responsibility for managing any collaborative contract? – this could be as simple as confirming receipt of basic goods, or could involve managing the on-going supplier relationship for a service contract
- how to resolve any problems between the supplier and a specific school
- risk management protocols
- time resources involved in managing the contract – how will these be shared fairly between all schools?

Similar challenges exist in sharing procurement expertise:

- what is the benefit for a trust whose in-house expertise is being used by other schools or trusts?
- are there any potential liability issues from following advice offered by another school or trust?

37. Does the trust compare its non-staff expenditure against the DfE approved frameworks to ensure best value for money?

What are the DfE approved frameworks?

[Find a framework](#) provides information on a wide range of non-staff deals that have been reviewed by the Schools Commercial Team (SCT) within DfE, covering a range of areas such as supporting the buying of energy, supply staff, catering and audit services. These are assessed for compliance with procurement regulations, ease of use, suitability and value for money.

Good practice

Many schools have been able to make significant savings by reviewing their existing arrangements against DfE's approved frameworks. It is good practice for trusts and schools to explore these approved frameworks, when their current arrangements are drawing to an end, to determine if they could achieve greater value for money than the school's current arrangements, or to renegotiate their current deals based on the prices and rates available through the frameworks.

What to do if things are not right in your trust

If a trust has not yet reviewed or considered the DfE approved frameworks, trustees should ask the trust's staff to explore the frameworks available on the gov.uk web page. As procurement processes often require a long lead-in time, trusts should review the deals available well in advance of the end date of current arrangements.

Please visit [buying for schools](#) for information on the support available to schools in the procurement process. Trusts can request advice and guidance from procurement specialists as part of the [Get Help Buying for Schools](#) service.

Further information

[Schools financial benchmarking](#) enables all maintained schools and academies to make comparisons in a number of expenditure and workforce categories with other similar schools and trusts. Guidance on how to use the tool is available through the homepage.

[View my financial insights](#) helps schools view and improve their financial performance by providing an automated assessment of their data based on similar schools. This assessment identifies areas that may require further attention and matches your data with relevant guidance and resources.

[Buying for schools](#) includes a wealth of information including best practice procurement, training, and model templates and data protection guidance.

DfE's [find a framework](#) service includes many centrally negotiated framework agreements.

[Get Help Buying for Schools](#) provides free and impartial advice and guidance from procurement specialists for all state-funded schools in England on buying goods and services.

Information on the [Risk Protection Arrangement](#) (RPA) is available on gov.uk, this is an alternative to commercial insurance for schools and trusts.

F. Protecting the public purse

38. Are the trustees sure that there are no outstanding matters from audit reports?

[Sections 4.16 – 4.17 of the Academy Trust Handbook](#) set out the requirements on academy trusts in responding to audit findings.

What are outstanding matters?

When a trust is audited, reports will be produced by the auditor that clearly sets out the issues and weaknesses that the trust needs to address. In the case of the external audit of the trust's financial statements, the auditor will produce reports on the financial statements and on regularity (described in the [Academies Accounts Direction](#)), together with a management letter setting out findings and recommendations. The trust should then formulate a plan to address the issues and weaknesses, and ensure that they are addressed promptly.

Why it's important for the trust board to be sure that there are no outstanding matters

Unresolved issues that have been identified by auditors or by the organisation itself will hamper the operation of the organisation and may put public funds at risk. The board therefore needs to make sure that they are dealt with promptly.

Keeping a record of outstanding matters

Trusts should have a clear system for recording outstanding matters. Following an audit, the trust board should receive an audit report. The trust should establish a list of issues to be addressed and a timed plan for addressing each issue.

How to ensure you deal with outstanding issues and weaknesses promptly

A timed action plan should be established to address each issue. Regular reports on progress should be made to the trust board. The trust should ensure that responsibilities and lines of reporting are clear. Each action should be assigned to a named owner who should have responsibility for carrying it out and reporting back. The board should note formally when an issue has been cleared.

What to do if there are outstanding matters

If there are matters outstanding from previous audits or self-assessments, and there is no action plan or the action plan has not been carried out in full, the trust needs to agree a revised action plan with timely milestones for actions that will resolve the outstanding matters. The plan should attribute actions to named people with clear deadlines.

If the trust is not sure whether there are outstanding matters, it may be necessary to go through the previous audit or self-assessment to see what issues were raised and find out whether action has been taken on them.

39. Are the internal scrutiny arrangements, as defined in the Academy Trust Handbook, adhered to?

[Section 3 of the Academy Trust Handbook](#) provides details of the requirements on academy trusts in applying internal scrutiny, including options for delivering assurance through independent challenge (internal audit).

40. Does the trust regularly review its internal control arrangements to safeguard against fraud, theft and cybercrime by staff, contractors, suppliers and other third parties?

[Sections 6.11 - 6.15 of the Academy Trust Handbook](#) provide information on the requirements on trusts in preventing and reporting fraud. This also includes links to [guidance on reducing fraud](#).

[Sections 6.16 - 6.17 of the Academy Trust Handbook](#) makes trust aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. This also includes links to [National Cyber Security Centre guidance](#).

41. Are all staff aware of the trust's whistleblowing arrangements and to whom they should report concerns?

[Sections 2.43 - 2.48 of the Academy Trust Handbook](#) set the requirements for trusts to have a whistleblowing process.

Further information is available on [whistleblowing](#), including which areas arrangements should cover.

[Protect](#) (previously known as Public Concern at Work) – a charity providing support for organisations on whistleblowing and confidential independent advice to workers who have concerns about some wrongdoing in the workplace.

42. Does the trust have an accounting system that is adequate and properly run and delivers accurate reports, including the required returns to ESFA?

[Sections 2.15 - 2.23 of the Academy Trust Handbook](#) sets the requirements for trusts regarding budget submissions to ESFA and budget monitoring.

What is an adequate accounting system?

Academy trusts will need a fully integrated accounting package with a nominal ledger, purchase ledger, etc., from which a trial balance and financial statements can be prepared. The main characteristics of an adequate accounting system are that it:

- accurately records income and expenditure
- produces reliable and accurate management information, including providing decision makers with timely and accurate information relevant to their responsibilities and requirements
- contains adequate internal control measures to ensure the protection of assets and the provision of reliable information
- is sufficiently flexible to accommodate changes in volumes and operating procedures without requiring drastic modification

What information does the system need to record?

The accounting system should record detailed information on income and expenditure, covering all of the trust's financial transactions. For academies, it must be capable of recording data in such a way that it can provide details of revenue income and expenditure, capital income and expenditure and balances that fit the audit requirements and financial returns to the ESFA. The system should support the production of accurate reports so that the trust can effectively monitor the budget throughout the year.

As school and academy funding is driven by the numbers of school pupils and their characteristics, schools should have up to date and accurate records on all their pupils.

Why is an adequate accounting system important?

Trusts are responsible for large sums of public money and so it is vital that they have accounting systems that allow them to accurately record and monitor their income and expenditure. Accurate budget monitoring reports will provide important information about spending patterns that help schools to make realistic forecasts of year-end under or overspends.

A good accounting system should enable the trust to easily produce monitoring reports with different levels of detail

The system should be able to produce reports which include information such as:

- annual and profiled budget
- actual spend to date (paid out of the trust or school bank or by the local authority)
- comparisons of expected spend and actual expenditure
- end-of-year projections

For multi-academy trusts it's essential to have a single integrated accounting system that can be used by all of its academies.

A good system should automatically generate reports from base financial records

Trusts should expect their accounting system to automate the production of the numeric budget monitoring reports as much as possible, by either:

- using the reporting functions provided in school finance software packages
- downloading data from less flexible systems into linked spreadsheets that automatically pick up and summarise cost centre codes

Trusts should ensure the information they record and the reports produced are accurate

Trusts are responsible for ensuring their information is up to date and accurate for their own benefit and because their annual returns are used widely by the Department, ESFA and other schools and trusts for benchmarking purposes and the general public. A good accounting system will be able to produce data extracts in common industry standard formats (for example, XML). This enables trusts to meet their requirements for providing data to the ESFA.

What to do if things are not right in your trust

If your trust does not have an adequate accounting system

Many providers offer schools' accounting systems and the trust should identify which system best meets their needs.

Further information

The [Academy Trust Handbook](#) and [Academies Accounts Direction](#) set out information on the financial and accounting requirements expected of academy trusts.

The ESFA has produced specific guidance to support academy trusts to [reduce the risk of fraud](#).



Department
for Education

© Crown copyright 2022

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3

email psi@nationalarchives.gsi.gov.uk

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries www.education.gov.uk/contactus

download www.gov.uk/government/publications



Follow us on Twitter:
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:
facebook.com/educationgovuk