School resource management self-assessment checklist

Support notes for 2024 to 2025

October 2024

Contents

Summary

This publication provides guidance for academy trusts to complete their School Resource Management Self-Assessment Checklist.

Document history

There were a small number of changes to the Academy Trust Handbook for 2024-25, none of which have affected this guidance. Changes to the SRM Self-Assessment Checklist in 2024-25 are therefore also minimal.

The material changes are:

Governance

- We have renamed the "Governance" section to "Financial Management and Governance" to reflect the fact that these questions concern only one part of the responsibilities which boards of trustees have in terms of governance
- Updated reference to the new academy trust governance guide [Q2]
- Expanded guidance on terms of reference for finance committees [Q10]
- Expanded further information section to include links to more practical resources

Trust financial strategy

- Updated guidance on trusts' reserves policies to reflect that the Academy Trust Handbook now stresses that these polices should include a clear plan for managing reserves [Q19]

Setting the annual budget

- Expanded guidance on in-year balances to reflect that the Academy Trust Handbook now stresses that these polices should include a clear plan for managing reserves [Q30]
- Replaced references to Schools Financial Benchmarking and View My Financial Insights with references to the Financial Benchmarking and Insights Tool [Q31]

Staffing

- Replaced references to Schools Financial Benchmarking and View My Financial Insights with references to the Financial Benchmarking and Insights Tool [Q34]

Value for money

- Replaced references to Schools Financial Benchmarking and View My Financial Insights with references to the Financial Benchmarking and Insights Tool [Q36]

Submitting the 2024 to 2025 SRM self-assessment checklist

Use the online form to submit your checklist. The deadline for academy trusts (hereafter 'trusts') to submit their 2024/2025 checklist is 14 March 2025. The form will go live in January 2025.

Use your Department for Education (DfE) login details to access this form. If you have used this type of online form before, you can log in using the same details. For example, you may have used it the last time you submitted:

- your accounts submission coversheet
- the schools resource management self-assessment tool checklist

Do not use your identity and access management system (IDAMS) registration details. They will not work with this for

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 us. If you still have not received confirmation, please report this issue via the Customer Help Portal 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 trusts that have an open academy on 31 December 2024 must submit a checklist. If you do not have an open academy on 31 December 2024, 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 important to the department, including ESFA, for giving assurance to Parliament that trusts have used public money for the purposes intended. This is a requirement within trusts' funding agreements and the Academy Trust Handbook. Any breach is an indicator of increased risk and can result in intervention, which may include the issue of a Notice to Improve.

Questions for the 2024 to 2025 SRM self-assessment checklist

A. Financial management and governance

1. Have the chief financial officer (CFO), accounting officer, chair of trustees and the governance professional read the Academy Trust Handbook (ATH) 2024?

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 trusts. 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 1.12 of the Academy Trust Handbook.

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

The importance of assessing the skills and effectiveness of the board is set out in the Academy Trust Handbook (sections 1.26 - 1.27).
Academy trust governance is a reference document for those involved in trust governance. It provides essential information from a range of sources on the trust board's roles and legal responsibilities, including guidance on induction, training and development.

3. Does the board have a plan in place to address any skills and knowledge gaps?

There are various approaches available to the board to address skills and knowledge gaps. These could include doing a skills audit aligned to the strategic plan or addressing issues through 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 1.28 – 1.38 of the Academy Trust Handbook explain the roles and responsibilities of the accounting officer and contain information on appointing an accounting officer.

The Confederation of School Trusts (CST) also produces guidance on the role of the accounting officer in a School Trust

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

Sections 1.39 - 1.41 of the Academy Trust Handbook are concerned with the skills and experience of the chief financial officer.

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 1.42 of the Academy Trust Handbook the board of trustees must appoint a governance professional.

Academy trust governance provides further information of governance support and the role of the governance professional.

7. Has the board met at least 3 times in the last year?

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 "yes") What percentage of members attended the AGM?

(If answering "no") Tell us about any alternative arrangements you've made for communicating with members.

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. Any requirement for a trust to hold an AGM will be set out in its articles of association.

Sections 1.2 - 1.7 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 committees (known as local governing bodies in articles of association) 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?

The role of the trust's finance committee, or equivalent

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

Where the finance committee and audit and risk committee are separate, the chair should not be the same.

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
- prior approval of proposals to tender for goods or services in line with values set out in the scheme of delegation
- approval to award contracts following a compliant procurement procedure in line with value set out in the scheme of delegation
- 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 is 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 financial strategic plans
- identify viable options and select or recommend those most likely to achieve the trust'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 department's requirements, as set out in the [Academy Trust Handbook](#)
- understand the importance of communicating the trust's financial performance to the board and its 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?

(If answering "yes") 11a. Does the audit and risk committee reflect minimum good practice by not allowing trust employees to be members?

(If answering "yes") 11b. Has the audit and risk committee met at least 3 times in the last year?

[Sections 3.6 - 3.13 of the Academy Trust Handbook](#) outline the requirements and expectations of a trust audit and risk committee, including information on membership and frequency of meetings.

12. Does the board of trustees take overall responsibility for risk management?

[Sections 2.35 - 2.39 of the Academy Trust Handbook](#) provide information on management of risk and risk protection.

13. Does the trust comply with the conflict of interest and related party transaction requirements outlined in the ATH?

[Sections 5.35 - 5.55 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?

[Sections 1.43 - 1.51 of the Academy Trust Handbook](#) set out the requirements related to the transparency of governance.

Further information

Practical resources for trust boards are available from sector organisations including:

- National Governance Association
- Confederation of School Trusts
- GovernorHub
- Chartered Governance Institute
- Catholic Education Service
- Church of England Education Office

The department provides online information, tools, training and guidance to help schools improve their financial and commercial management and efficiency, including specific guidance for governors.

External reviews of governance (ERGs) provide independent assessment of the board's effectiveness and areas for development. They can be a more powerful diagnostic tool than self-evaluation.

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 (ERG) 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 in Academy trust governance.

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

The 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.

The Confederation of School Trusts (CST) provides guidance, resources, training, and toolkits focused on helping trusts to operate.

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 financial statements?

(if answering "yes") 15a Can the board of trustees provide evidence of the information and data used to inform this assessment and the assumptions that were 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 provide evidence that trustees approved the 3-year financial forecast before it was submitted?

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

17. Can the trust provide evidence that trustees have compiled accurate budget forecasts?

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. Has the board of trustees reviewed pupil number estimates each term and challenged them if required?

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.

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.

19. If the trust has a cumulative surplus, has the board of trustees set a reserves policy for holding these surplus funds?

Sections 2.8 of the Academy Trust Handbook is concerned with budget setting, submission and monitoring. It is important for trusts to set a policy for holding reserves and to explain this in their annual report.

Academy trust reserves provides guidance on managing academy trust reserves

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

Sections 2.17 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.

DfE have provided guidance on deficit recovery. This guidance discusses the significance of deficits and the arrangements for managing them. There is also an annex containing potential practical steps for reducing expenditure, boosting income and \improving liquidity, which have been provided by sector practitioners.

21. Does the trust take an integrated approach to curriculum and financial planning?

Section 2.13 of the Academy Trust Handbook encourages trusts to take an integrated approach to curriculum financial planning. 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.

Why it is 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 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 is 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
- 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.

22. Does the trust survey its physical estate and ensure appropriate capital provision for this in its budget?

[Section 1.20 of the Academy Trust Handbook](#) provides information on estates management.

23. Are trustees aware of their statutory duties under health and safety legislation?

[Sections 1.17 - 1.20 of the Academy Trust Handbook](#) provides information on the importance and value of good estates safety and management.

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

[Section 1.20 of the Academy Trust Handbook](#) provides information on estates management.

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.

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

[Sections 2.35 – 2.39 of the Academy Trust Handbook](#) provide information on requirements of trusts concerning business continuity and insurance.

Further information

As part of the School Resource Management programme, the department provides [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 trust financial management and assurance in [Academy trust financial management good practice guides.](#)

C. Setting the annual budget

26. Does the trust set a well-informed and balanced budget?

The budget must be approved by the board of trustees. Sections 2.8 - 2.17 of the Academy Trust Handbook provide details of the budget setting requirements of trusts.

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

Sections 2.8 - 2.20 of the Academy Trust Handbook provide details of the financial planning and budget monitoring requirements of 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 the department, a discussion on budget setting for future years, well informed by information from staff, will need to be held each financial year.

28. Can the trust act quickly to amend the budget if pupil numbers are significantly different from what was projected?

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 based on 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

29. Is income and expenditure in line with budget projections?

29a. Is the trust board informed of significant differences in a timely manner?

29b. Do the differences result from planned changes and/or circumstances that could not have been predicted?

Sections 2.18 - 2.20 of the Academy Trust Handbook provide details of the budget monitoring requirements of 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 considered. 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.

30. Are in-year balances at a reasonable level?

Sections 2.8 - 2.20 of the Academy Trust Handbook are concerned with budget setting, submission and monitoring.

Trusts should ensure they are getting the most benefit and best value for money from their budgets, and plan to use any surplus funds in line with their reserves policy, and any priorities identified through their strategic planning.

Academy trust reserves provides guidance on managing trust reserves.

31. Does the trust have a clear plan for using the money it plans to hold in balance at the end of the year?

Further information

The department provides 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 The Financial Benchmarking and Insights Tool. This service helps schools view and improve their spending. It is replacing the View my financial insights tool and the Schools financial benchmarking service.

D. Staffing

32. Does the trust review and challenge its staffing structure regularly to ensure meet the needs of the trust and maintains 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, supervision, and business operations are arranged.

How often should this be reviewed and why it is 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.

How can the trust achieve this

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.

33. Does the pay of senior leaders follow a robust evidence-based process?

Sections 2.27 - 2.30 of the Academy Trust Handbook sets the expectations for 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.

34. 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 Financial Benchmarking and Insights 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.

Interpreting the chart data

The Financial Benchmarking and Insights 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 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.

35. Has the trust published on its website the number of employees whose total benefits exceeded £100k for the previous year ending 31 August?

[Section 2.29 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 department provides [online information](#), tools, training and guidance to help trusts and 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

36. If the trust benchmarks its income and expenditure and that of its schools annually against similar trusts and schools, which of these possible actions has it taken afterwards?

- Investigated further where any category appears to be out of line.
- Contacted any other schools to share information or best practice
- Identified areas for possible efficiencies
- Used as part of strategic discussions at trust board meetings
- Used as part of strategic discussions with the senior leadership team
- Used to inform budget setting
- Changed supplier of a particular good or service
- Other (please specify)
- No action taken
- The trust does not benchmark

What is benchmarking and why it is 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 now offer one tool to support with this: The Financial Benchmarking and Insights Tool. This is available in the public domain and provides users with an automated assessment of their school's data based on comparison with other similar schools.

What information should trusts use to benchmark their income and expenditure

All trusts submit their income and expenditure data 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. All maintained schools submit their income and expenditure data using the Consistent Financial Reporting (CFR) framework.

Via the Financial Benchmarking & Insights Tool, 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.

Trusts are provided with a prioritised list of areas for investigation. They can also see dashboards showing how all their schools benchmark in particular categories.

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. The DfE's Financial Benchmarking & Insights tool offers 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

Trusts should consider whether the school has 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.

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

[Sections 2.24 - 2.26 of the Academy Trust Handbook](#) provides details of the procurement requirements of trusts.

What procedures are needed for purchasing goods and services

Procurement encompasses the entire process of identifying the goods or services a trust requires, deciding how to acquire these, selecting suppliers based on cost-effectiveness and quality, managing contracts, and making payments. Robust procurement practices are essential to optimise purchases, especially for larger expenditures, with the full rigour of the Public Contracts Regulations applying to all procurements over the thresholds.

Why 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 at least 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](#).

For ways to improve the skills and knowledge of staff, see below in further information.

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, receipting goods/services, and making payments
- clear procedural documentation that sets out what needs to happen at each stage of procurement

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

What to do if your trust does not have procurement procedures

Trusts should use the above suggestions to improve knowledge and understanding of what procurement is and how it can help to deliver their 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 element of their overall capacity planning to ensure competence in this area. All staff involved in procurement, including those authorising expenditure, should understand the legal consequences of non-compliance. Trusts may require legal advice if they or their schools have signed contracts that did not follow proper procurement procedures, or if they are locked into expensive, ongoing contracts.

38. Are the trustees given the opportunity to challenge their trust's plans for replacing contracts for goods and services that are due to expire?

The trust board and accounting officer must ensure value for money in trust operations, including procurement. To achieve value for money, trustees should carefully scrutinise needs, market options, and risks. Procurement tender exercises can sometimes take time. Timely communication is crucial when contracts are ending to plan and execute procurements efficiently, especially for complex ones. For complex procurements, Trustees and those responsible for procurement need a detailed timeline for scoping, review, and delivery to ensure uninterrupted service and meet operational needs.

Good practice

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

- the contract start date 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 regularly shared with the trust board or local committees (known as local governing bodies in articles of association), depending on the scheme of delegation, to make them aware of any upcoming milestones in the contract register timetable and allow them to scrutinise and/or challenge procurement plans.

39. What does the trust consider when replacing or renewing contracts?

- Considered not buying the replacement good or service at all, as it no longer meets the trust's requirements.

- Considered reviewing the current contract terms to see if there are any provisions to extend.
- Considered bringing a service in-house which was going to be contracted out.
- Considered outsourcing a service which was being delivered in-house.
- Considered any or all the social, environmental, ethical, sustainability aspects of the proposal.
- Considered who is best placed to manage the contract effectively.
- Challenged the proposed route to market.
- Challenged the proposed length of contract.
- Challenged the proposed value of the contract.
- Challenged the proposed scheme/rubric to evaluate submitted bids and identify the one that provides the best value for money.
- Proposed exploration of the offer from DfE's Get Help Buying for Schools service.
- Surfaced risks around e.g., avoidance of Related Party Transactions, legal challenges.

40. Does the trust consider collaboration with others if this would improve value for money, for example on sharing staff or joint purchasing?

Collaboration typically involves:

- Sharing resources like expertise, advice, knowledge, equipment, or staff
- Collaborating on purchasing goods, works, or services to secure better contracts

How collaboration can improve value for money

Collaboration improves value for money by enhancing procurement effectiveness through the exchange of skills and knowledge, enables trusts to learn from each other's experiences, facilitates the use of costly resources through agreements, and leveraging combined buying power for better deals.

How to succeed in collaboration

Effective collaboration depends on building open working relationships with other trusts to discuss key objectives and priorities, including on procurement, and being honest about areas of vulnerability, like limited experience in specialist 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.

While some forms of collaboration are familiar, look out for less typical collaborative buying options, like shared building maintenance contracts. These could attract providers by ensuring a stream of regular work across multiple trusts and schools.

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 [PPN 11/23: New Thresholds](#) are in scope of the Public Contracts Regulations. These values are reviewed every two years.

Trusts should also define responsibility for managing collaborative contracts, resolving issues, risk management, and resource allocation fairly. Additionally, for sharing procurement expertise, trusts should consider the benefits for the trust providing expertise and address any potential liability issues from following advice offered by others.

41. Does the trust seek to use DfE approved frameworks, where applicable, to ensure procurement compliance and value for money?

What are the DfE approved frameworks?

[Find a framework](#) provides self-service access to DfE approved frameworks covering a range of non-staff spend areas, including, but not limited to, energy, supply staff, catering and audit services. These are assessed for compliance with procurement regulations, ease of use, suitability and value for money.

Assistance in accessing and utilising the frameworks can be obtained through the [Get help buying for schools service , which](#)provides free and impartial advice.

Good practice

It is good practice for trusts 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 trust's current arrangements.

Trusts can also explore the frameworks at any other time during the contract, to consider whether their current deals could be renegotiated, based on the prices and rates available through the frameworks.

Further information

[The Financial Benchmarking and Insights Tool](#)is available in the public domain and helps schools view and improve their spending. It is replacing the View my financial insights tool and the Schools Financial Benchmarking Service.

[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](#) includes DfE approved frameworks across a range of non-staff spend areas, assessed for compliance and value for money.

[Get help buying for schools service](#)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, and is DfE's alternative to commercial insurance for schools and trusts.

Regular updates are available on Transforming Public Procurement - GOV.UK (www.gov.uk)

In addition to the above, trusts should consider the following to improve the skills and knowledge of staff:

- online learning resources – a series of webinars on SRM are available, including one on procurement
- accredited qualifications and/or training – for example, courses run by the Chartered Institute of Procurement & Supply
- advice, mentoring and/or 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

F. Protecting the public purse

42. Are there any outstanding matters from audit reports?

Sections 4.14 – 4.15 of the Academy Trust Handbook set out the requirements on trusts in responding to audit findings.

What outstanding matters are

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 is 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.

43. Has the trust adhered to the internal scrutiny arrangements defined in the ATH?

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).

44. 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 6.9 - 6.13 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 6.14 - 6.15 of the Academy Trust Handbook makes trusts aware of the risk of cybercrime, so they can 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.

Additionally, the Cyber Security Standards supports trusts and school to understand the steps to take to minimise cyber security risks.

The Risk Protection Arrangement (RPA), DfE's alternative to commercial insurance, includes cover for cybercrime.

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

Sections 2.40 - 2.44 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) – is a charity providing support for organisations on whistleblowing and confidential independent advice to workers who have concerns about some wrongdoing in the workplace.

46. Does the trust have an adequate accounting system that delivers accurate reports, including mandatory returns?

Sections 2.15 - 2.20 of the Academy Trust Handbook sets the requirements for trusts regarding budget submissions and budget monitoring.

What is an adequate accounting system?

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

Information the system needs to record

The accounting system should record detailed information on income and expenditure, covering all 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 department, including ESFA. The system should support the production of accurate reports so that the trust can effectively monitor the budget throughout the year.

Why an adequate accounting system is 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 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 department and ESFA.

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 trusts.

The department has produced specific guidance to support trusts to reduce the risk of fraud.

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