Supporting excellent school resource management

August 2018

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Introduction

We have prioritised getting as much money as possible directly to schools. Last summer, we announced an extra £1.3bn over the following two years to support the introduction of the national funding formulae for schools and high needs, delivering on the promise to reform the unfair, opaque and out of date funding system. As a result, total spending on the core schools budget will reach £42.4bn this year and £43.5bn next.

Overall funding for schools and the distribution of that funding are important, but how it is used in practice to get the maximum impact is similarly vital. We are committed to helping schools improve outcomes for pupils by making every pound count and getting the best value from all of their resources.

We have previously published the results of our work with schools to identify the main drivers of effective resource management[1].

These can be summarised as:

- financial planning which is based on delivering educational outcomes, rather than being a separate exercise

- strategic financial planning over a longer term (3-5 years)

- the effective and efficient deployment of staff

- well-managed spend on non-staff costs

- robust challenge from financially skilled governors and school leaders

- skilled staff responsible for managing finances

- transparent financial systems and processes, which encourage constructive challenge within and between schools

Building on this work, this document sets out the support that is already in place and the further steps we will take to help schools manage their resources and reduce costs. It covers:

- spend on workforce

- better value procurement

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[1] https://www.gov.uk/government/publications/review-of-efficiency-in-the-schools-system

- tools and techniques to reduce cost: data and transparency, financial skills, oversight and intervention

It also sets out the support we provide on three key areas:

- transforming the funding system

- improving the infrastructure of the school estate

- supporting partnership working between schools

The areas of focus set out in this document are shaped by our previous work with schools. Some of the interventions operate across the school system as a whole. Others will be more focused on individual schools or groups of schools. The department has been working with schools and sector representative bodies to develop the components of the approach described here. The themes in this document reflect the substantial feedback and lessons learned, both formal and informal, over this period.

Our goal is for every school and trust in the country to be confident about:

- **how** they should assess their own level of resource management

- **what** potential they have to make improvements, particularly through benchmarking their use of resources against other, similar schools

- **where** their resource management could be improved

- **how** to direct resources to have the greatest impact on attainment, including through ensuring schools are procuring goods and services using the best available deals

School spending

Introduction

1. Spending per pupil aged 5-16 has increased substantially in real terms since the early 2000s. The Institute for Fiscal Studies (IFS) has highlighted that, in 2020, it will be at least 50% higher than it was in 2000[2].

2. However, we know that this increase has not been uniform across all the different areas of schools' spending. Some categories of spend have risen faster than the average over the period, and others have risen more slowly.

3. This suggests changes over time in cost pressures and in the way schools choose to spend their money. It is useful to understand these changes, to help schools to consider whether they are getting the most out of their spending.

Summary

4. Key findings from our analysis are:

   a) Spending per pupil on teachers has risen by much less than total spending per pupil from 2002-03 to 2016-17, with spending on teachers rising by only 17% per pupil in real terms over the period, compared to 42% for total spending per pupil.

   b) Spending per pupil on education support staff has risen by a much greater percentage than total spending per pupil, with spending on education support staff rising by 138% per pupil in real terms over the period, again compared to 42% for total spending per pupil.

   c) Other spending lines that have seen significant increases in spending are education consultancy and back office costs.

Background

5. The department publishes data on schools' spending annually[3], allowing for transparency so that parents and taxpayers are able to see how schools are using their money.

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[2] https://www.ifs.org.uk/uploads/publications/comms/R115.pdf

[3] https://www.gov.uk/government/collections/statistics-local-authority-school-finance-data

6. The same data also feeds our benchmarking tools, which allow schools to compare their patterns of spending against other similar schools. Our schools financial benchmarking service is available online.

7. An additional benefit to this data is that it allows us to look at trends in schools' spending over time. In this section, we look first at contextual data and research – including trends in staffing numbers and IFS analysis on school spending. We then summarise the key findings of our new analysis, which uses spending data to highlight trends over time in school spending and costs.

Wider context

8. There is already a range of evidence from other data collections and analyses which inform an understanding of schools' spending. Departmental data on the numbers of staff employed in schools can be used to demonstrate trends over a long period of time[4] [5]. This section sets out how patterns of expenditure have changed over a longer period - noting that there has been significant change within the sector throughout this period.

9. Figure 1 shows the change in the number of Full Time Equivalent (FTE) regular teachers and teaching assistants, between 1996/97 and 2017/18.
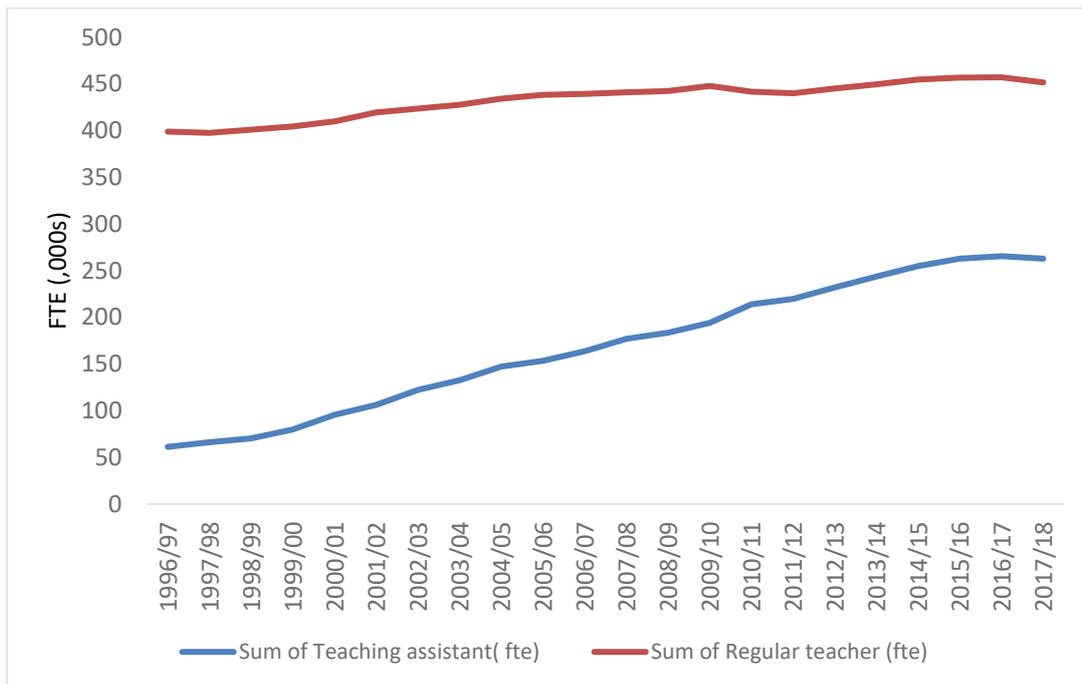
10. The number of teachers rose from 399,000 in 1996/97 to 452,000 in 2017/18 – an increase of 13%. The number of teaching assistants increased from 61,000 to 263,000 – an increase of around 330%.

11. Per pupil spending on education support staff (which includes teaching assistants) has risen in real terms from £376 in 2002-03 to £894 in 2016-17. In a school of 350 pupils, this would equate to an additional £181,000 of spending on education support staff.

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[4]http://webarchive.nationalarchives.gov.uk/20130104043849/https:/media.education.gov.uk/assets/files/pdf/sfr092004v3pdf.pdf

[5]https://www.gov.uk/government/collections/statistics-school-workforce

Figure 1: FTE regular teachers and teaching assistants 1996/7 to 2017/18

12. Data for leadership team FTE is not available over such a long timeframe. However, we can see that the number of headteachers and deputy headteachers has remained stable since 2010, whilst the number of assistant heads has increased by 30%.

Figure 2: change in FTE leadership posts since 2010
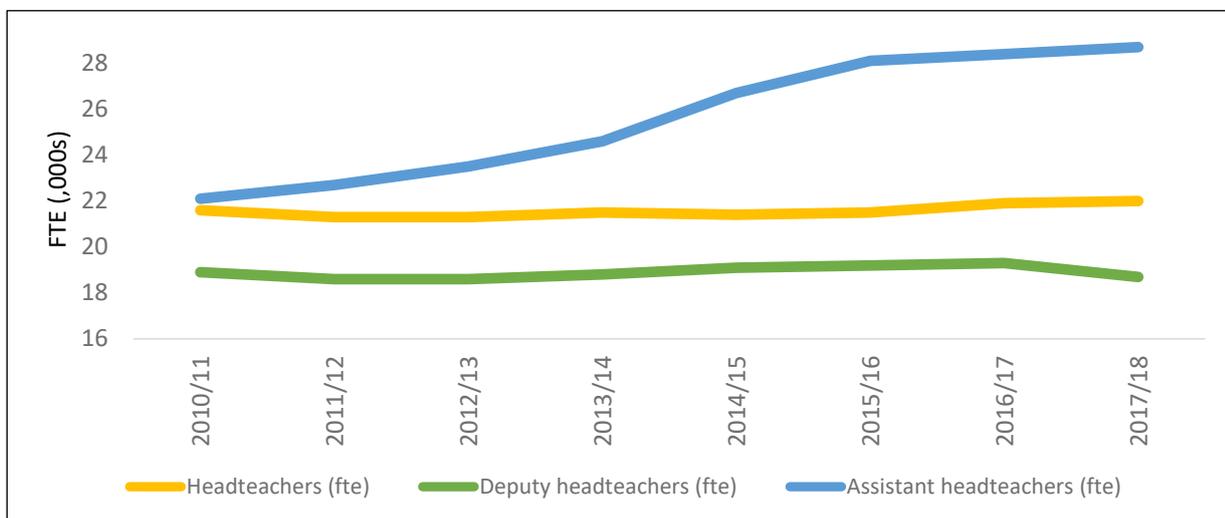
13. The IFS has also completed analysis looking at what proportion of increased resources from 1989-90 to 2012-13 went on different lines of spending[6]. At primary level, the largest use of additional funding was on the number of teaching assistants. At secondary level, the largest share of additional funding was spent on the number of non-teaching staff (for example, technicians, back office and premises).

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[6]https://www.ifs.org.uk/uploads/publications/wps/WP201510.pdf

Figure 3: IFS breakdown of where the increase in resources between 1989-90 and 2012-13 was spent
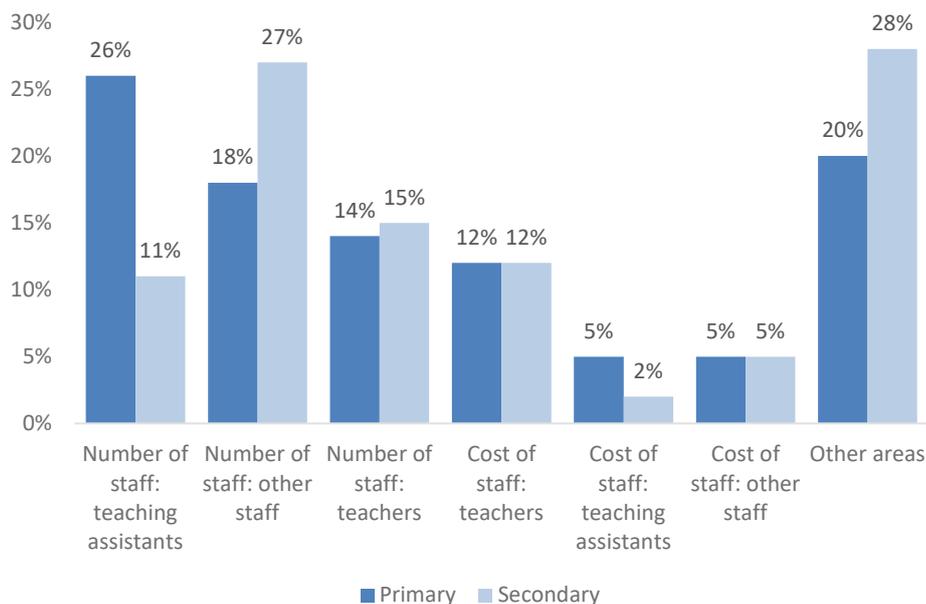
## Department's analysis of school spending 2002-03 to 2016-17

14.   We have completed our own analysis of schools' spending, using the published data available through Consistent Financial Reporting (CFR) and the Academy Accounts Return (AAR)[7] . Further details regarding the methodology are available at "Trends in school spending: 2002-03 to 2016-17".

15.   All figures are in per pupil terms and expressed in 2016-17 prices. We have analysed the period from 2002-03 to 2016-17 as this covers all years for which data is available.

16.   In the graphs below, we compare different lines of spending against increases in total spending per pupil in real terms, which is 42% higher in 2016-17 than in 2002-03. We have separated out spending on staff and non-staff categories. For spending categories that make up staff and non-staff spend please see annex B in the statistical note "Trends in school spending: 2002-03 to 2016-17".

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[7]https://www.gov.uk/government/collections/statistics-local-authority-school-finance-data

Figure 4: staff spending per pupil, non-staff spending per pupil and total spending per pupil 2002-03 to 2016-17
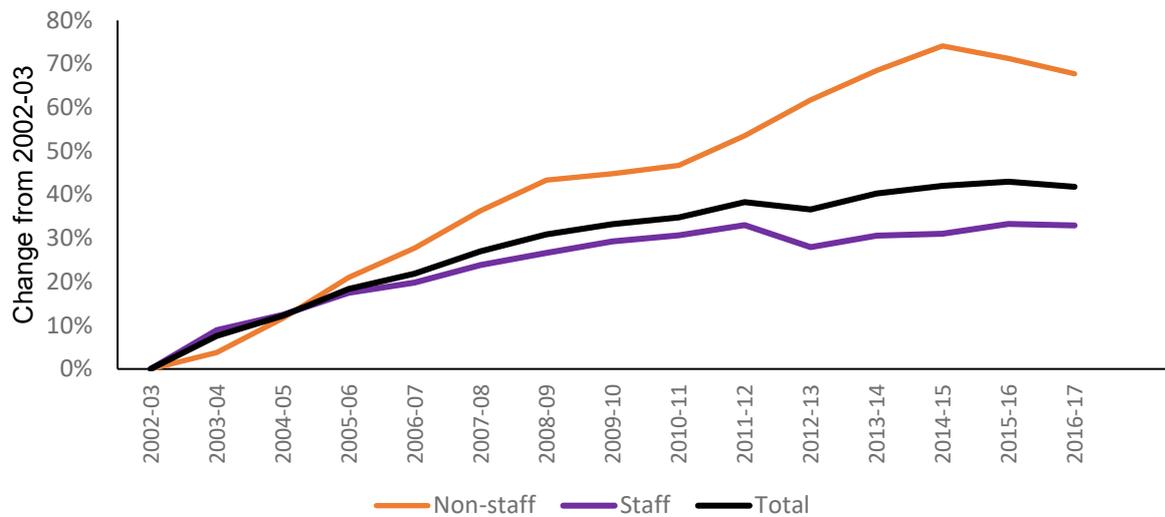
17.   Comparing spend in 2016-17 to spend in 2002-03, a greater proportion of spend is on non-staff compared to staff. However, we have seen recent significant reductions in per pupil spending on non-staff.

18.   We can also drill down into this data in more detail, for example splitting staffing spend out into teachers and education support staff. Figure 5 shows that spending on teachers per pupil has risen by less than total spending per pupil, with spending on teachers rising by only 17% per pupil over the period.
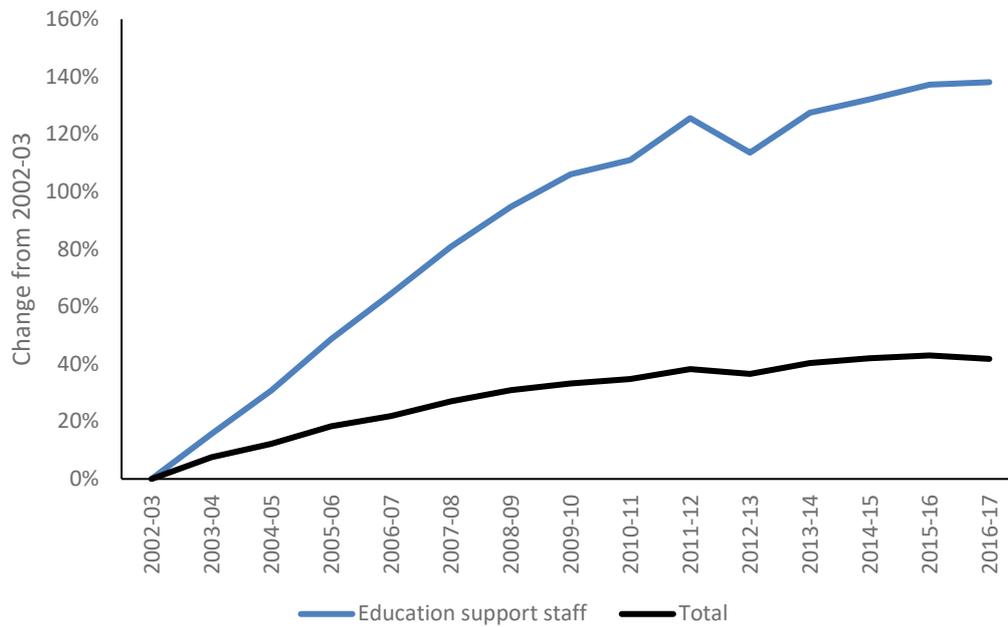
Figure 5: spending on teachers per pupil and total spending per pupil 2002-03 to 2016-17
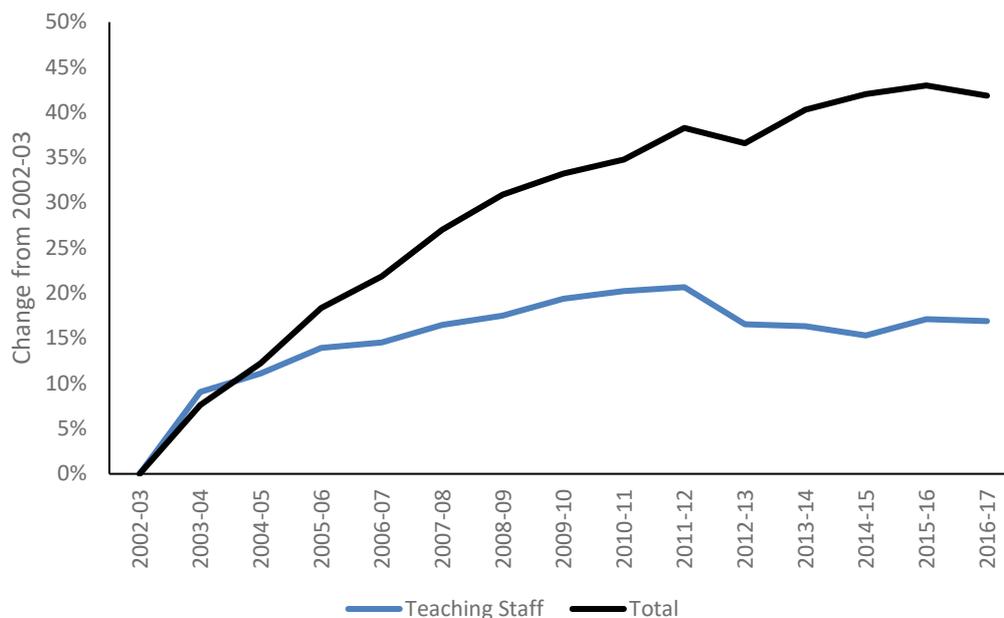
19.   Conversely, spending on education support staff per pupil has risen by a much greater percentage than total spending per pupil, rising by 138% over the period. This

demonstrates that schools now spend a greater proportion of their funding on education support staff, and a smaller proportion on teachers, than in 2002-03.

Figure 6: spending on education support staff per pupil compared to total spending per pupil 2002-03 to 2016-17

20.   We have specifically looked at areas where trends are noticeably different from the average level of per pupil spending. Education consultancy (196%), and back office (105%) are areas where spending per pupil has risen by a greater percentage compared to total spending per pupil.

Figure 7: spending on education consultancy per pupil compared to total spending per pupil 2002-03 to 2016-17
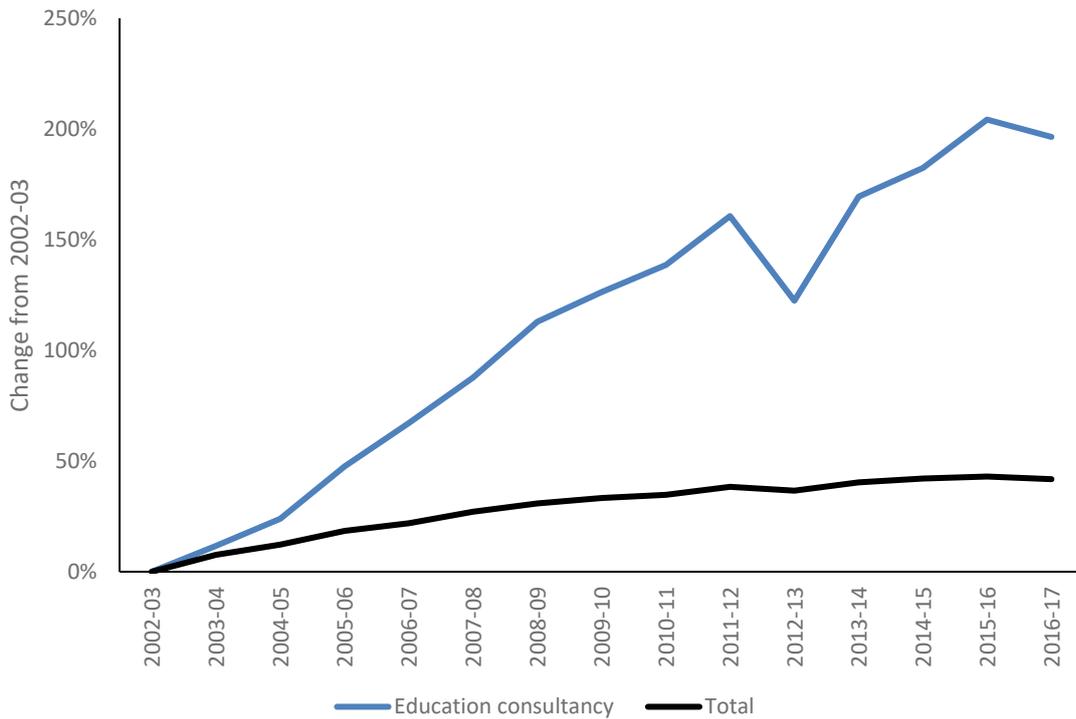
21.   Spending on the back office was 105% higher in 2016-17 than 2002-03, compared to the 42% increase in total spending.

Figure 8: spending on back office per pupil and total spending per pupil 2002-03 to 2016-17
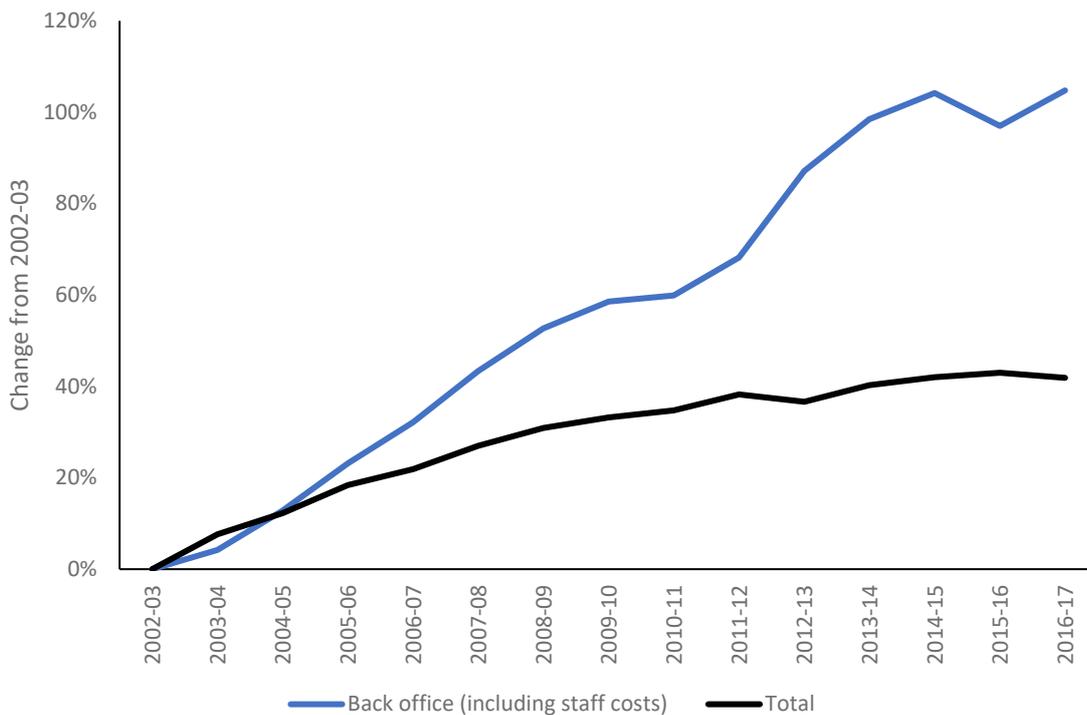
22.   Energy (75%) and exam spending (37%) are both areas where per pupil spending has risen more than total spending per pupil, but is now falling. In the case of exam spending, spending per pupil over the full period has now increased by a slightly smaller amount than overall spending.

Figure 9: spending on energy per pupil and total spending per pupil 2002-03 to 2016-17
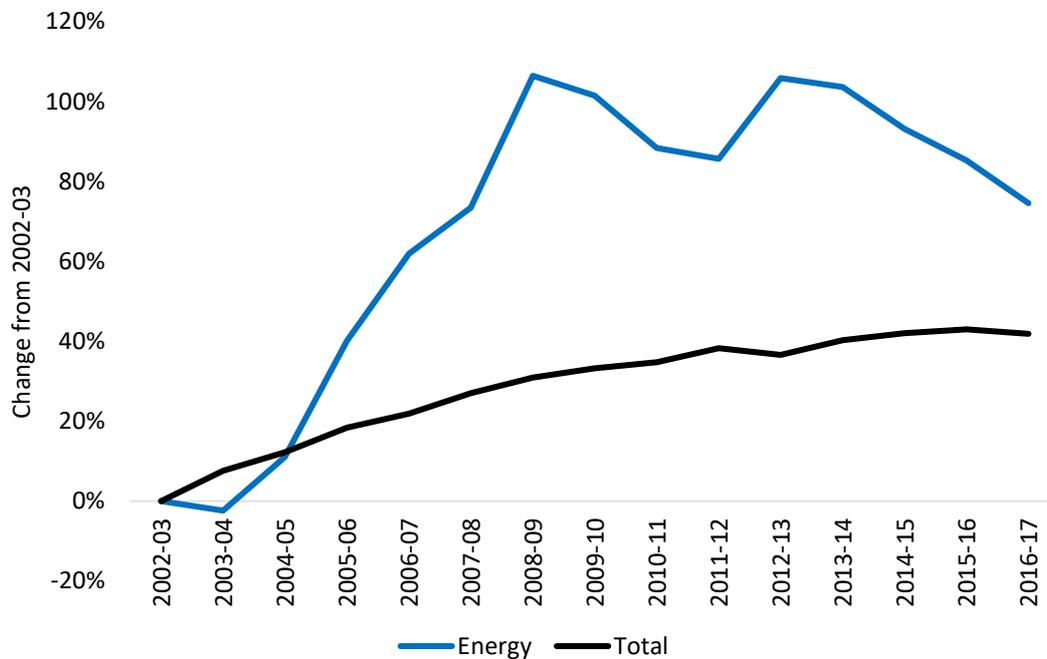
Figure 10: spending on exams per pupil and total spending per pupil 2002-03 to 2016-17
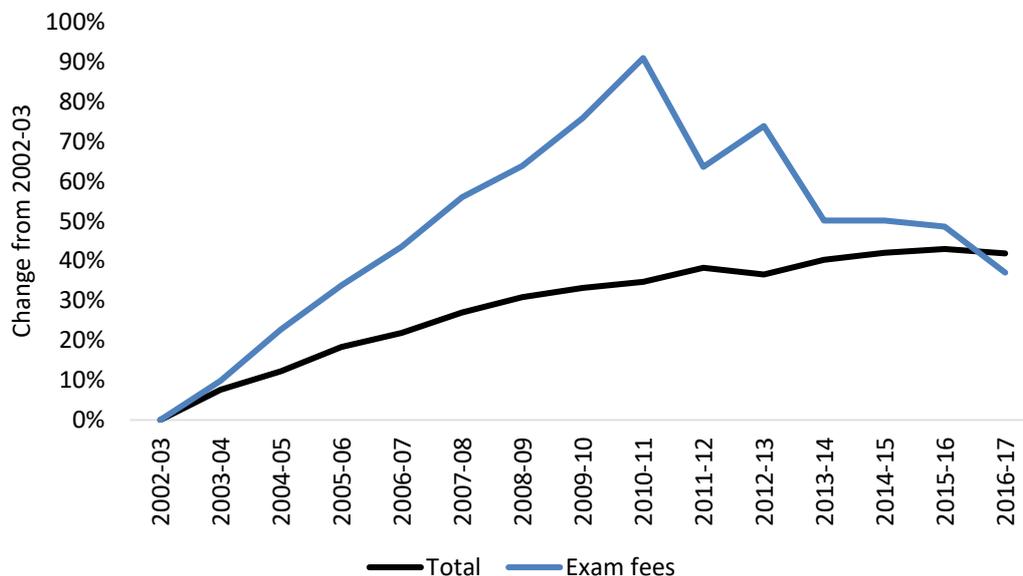
23.   Spending per pupil on supply staff has fallen overall since 2002-03, with significant increases in spending on agency supply staff spending being offset by larger decreases in spending on direct supply and supply insurance. However, it is worth noting that this may not take into account the impact of agency fees, such as recruitment fees, which may be reported separately, such as under 'Indirect Employee Expenses'.

24.   Spending on supply staff was 3% lower in 2016-17 than 2002-03, while spending on agency supply teaching staff was 64% higher in 2016-17 than 2002-03.

Figure 11: spending on supply staff per pupil and total spending per pupil 2002-03 to 2016-17

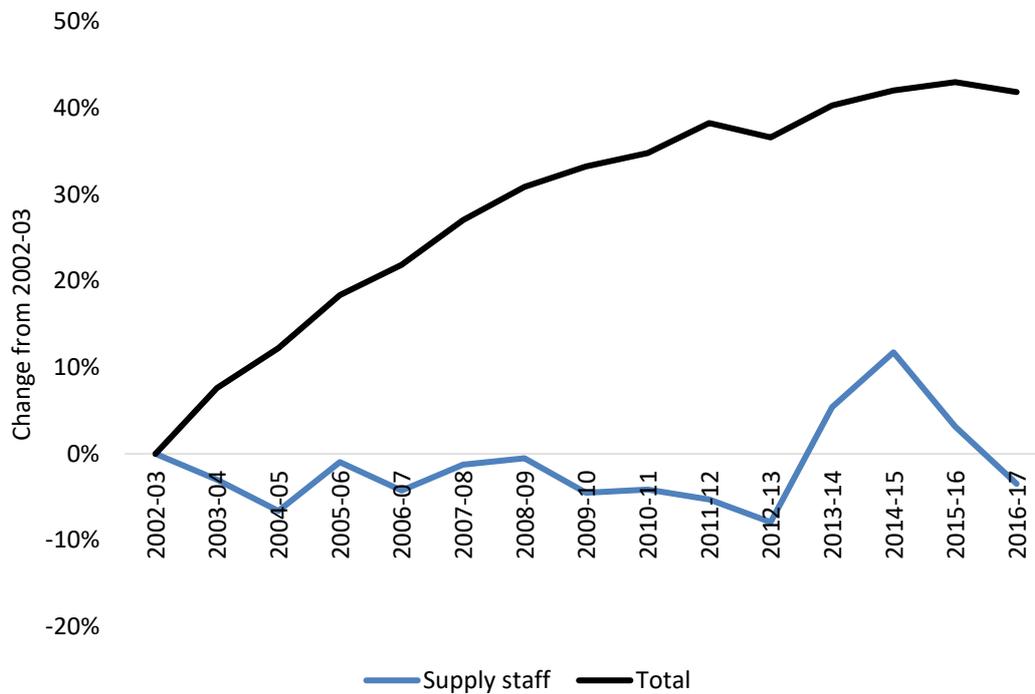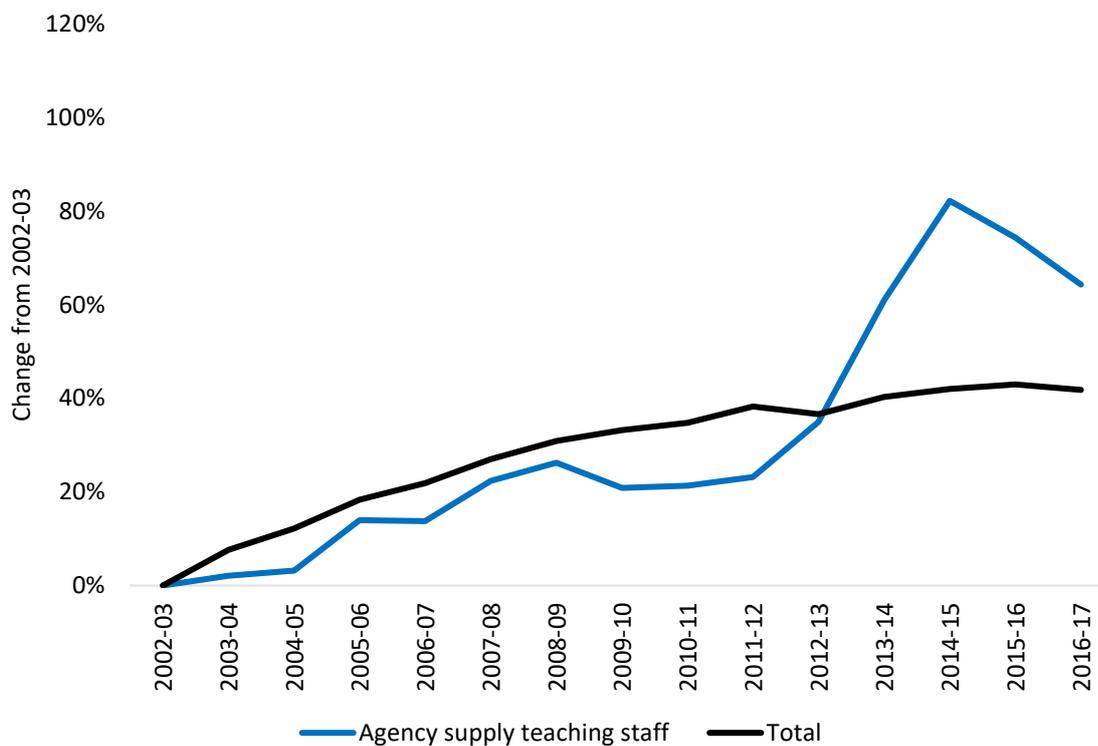Figure 12: agency supply spending per pupil and total spending per pupil 2002-03 to 2016-17

Supporting schools in managing their workforce

Staff costs make up over 70% of spending for a typical school[1]. We know that schools want to recruit, retain and deploy staff effectively.

Current support

- To help you use staff effectively: the school workforce planning guidance helps school leaders when reviewing staffing structures – providing prompts and questions, linked to evidence, on effective use of staff.

- To help reduce unnecessary workload: we have recently published a Toolkit for schools. This provides free online training materials, audit tools, practical examples and model policies - developed and tested by school leaders and teachers.

- To use the apprenticeship levy: a step-by-step guide explaining how the apprenticeship levy applies to schools, how schools can access their allowance and a list of the different apprenticeships available to schools.

- To help with planning: as well as the guidance above, we make available videos (video 1, video 2), a (secondary) planning tool and a case study example to support schools to take an integrated approach to curriculum and financial planning.

Next steps

- To help you reduce the cost of hiring teachers: we will introduce a free teacher vacancy listing in the autumn and we have begun testing this.

- To help you get value for money when using agency staff: we will launch a national deal for agency supply teachers. This will bring transparency to agency mark ups and require agencies to adhere to standard levels of practice, including on the use of temp-to-perm fees.

- To drive recruitment and boost retention of teachers: we will develop a strategy with teaching unions and professional bodies.

We will develop and make available more examples of integrated curriculum and financial planning in practice covering all phases and types of provision.

25.   We are committed to helping schools recruit, retain and deploy the workforce they need to deliver the best curriculum for their pupils.

By supporting the development of skills in resource management

26.   Schools' access to financial management skills is one of the key drivers of effective resource management[8]. Schools will want access to a highly-skilled school business professional and they will also want to ensure that senior leaders and governors have the skills to scrutinise and challenge resource management and expenditure. To support school leaders in developing these skills, we have reformed our National Professional Qualifications (NPQs) for Middle Leaders, Senior Leaders and Heads and introduced a new NPQ for those in or aspiring to Executive Leadership positions. School resource management is embedded throughout. We will ensure that resource management continues to be a key element of the continuous professional development that is provided to school leaders. This is particularly important as – while our aim is that all schools should have access to a capable school business professional (SBP) – some smaller standalone schools may not have their own, dedicated SBP.

27.   We have worked with the Institute of School Business Leadership and the Institute for Apprenticeships to ensure there are apprenticeships available for school business professionals. The level 6 Chartered Management Degree Apprenticeship, suitable for School Business Directors, is available to access now. The level 4 School Business Professional apprenticeship has been approved for delivery. It has been piloted from Spring 2018 and will be available for full roll-out from September 2018.

By supporting schools to recruit and develop their teaching staff

28.   To support schools that struggle the most with recruitment and retention challenges, we have already announced a £30m investment in tailored support. This is designed to help schools improve existing plans, join national programmes, build local partnerships or fund new initiatives. We are also making bursaries available to attract more top graduates and career changers into the teaching profession.

29.   To drive teacher recruitment and boost retention, we will be developing a strategy with teaching unions and professional bodies. This will set out immediate and longer-term challenges and how they will be addressed. While it will focus on mainstream schools, it will also consider the challenges facing special schools, alternative provision and sixth form colleges.

30.   Once they are in the profession, we want to support teachers' development at every stage in their careers:

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[8]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/209114/Review_of_efficiency_in_the_schools_system.pdf

- We have recently [consulted on improving career progression for teachers](#) and have committed to strengthening the induction for newly qualified teachers through an extended induction period.

- We are investing in continuous professional development for teachers and leaders and have published a [standard for teachers' professional development](#) to help schools to make more informed choices about continuous professional development, maximising the effectiveness of their spending in this area.

- We have committed to supporting the establishment of an independent professional body, the Chartered College of Teaching, to help the teaching profession to drive improvements in practice.

31.   To help school leaders and local authorities to access apprenticeship funds, we have published a detailed [apprenticeships guide for schools](#). This guidance explains what the apprenticeship levy means for schools and how it applies. It also includes a summary of the apprenticeships that are relevant to schools. As well as the apprenticeships referenced in paragraph 27, these include a Level 6 Post Graduate Teaching Apprenticeship which was launched in October 2017 - it is an apprenticeship that allows anyone with a degree (including graduate Teaching Assistants) to get into teaching. There is also a Level 3 Teaching Assistant standard available for teaching assistants, to develop their skills and knowledge whilst gaining a recognised professional qualification. Apprenticeships in areas such as catering, information management, business administration and facilities management are also available to schools.

32.   Workload is cited as one of the main reasons for teachers leaving the profession. We know that the volume of workload still remains a concern, and this is why we are continuing our extensive work with teachers, Ofsted and unions to challenge and remove unhelpful practices that create unnecessary workload. We have committed not to change the curriculum or introduce new tests for primary schools for the remainder of this parliament, beyond those already announced. We have also reissued a protocol which commits us to minimum lead-in times for significant changes, and to do more to consider the impact on schools when introducing such changes.

33.   We have published the [principles](#) for a simpler accountability system and a [Toolkit](#) providing free online training materials, practical examples and model policies that have been developed and tested by school leaders and teachers. We have also partnered with the TES to provide a [workload hub](#). This has information on workload issues, including case studies from teachers and school leaders outlining how they have tackled workload. It covers topics such as sharing materials, using technology and marking.

34.   The [action plan](#) that we have published sets out in full what we have done, and the steps we will take, to reduce unnecessary workload.

35.   Following a summit on flexible working on 30 October 2017 with education and industry experts, unions and EdTech companies, we pledged a series of actions. These

include research into job design and recruitment practices to increase the opportunities for flexible working in schools. This research project is due to report in early 2020, but we will report interim findings from September 2018 onwards.

By providing advice on workforce deployment

36.   In response to requests from school leaders, we published Workforce Planning Guidance. This guidance is designed to help school leaders review their staffing structures and sets out options and questions for school leaders to consider.

37.   A particular focus within the guidance is to take a curriculum-led and data-informed approach to planning the organisation and deployment of teaching staff. We know that this is a key driver of effective resource management. The concept of integrated curriculum and financial planning (ICFP) is not new and indeed many trusts and schools already operate in this way.

38.   ICFP applies to all phases and types of school. Key characteristics of the approach are:

- establishing a strategic staff deployment plan looking several years ahead (tying in with the 3 to 5 year financial plan)

- using pupil performance data to develop a suitable curriculum/programme of learning

- refining this through whole-team discussion, including finance school business professionals

- making decisions about staffing that are informed by key data/metrics (eg class size, contact ratio, average teacher costs)

- benchmarking these where possible against schools in similar circumstances

- reiterating this until there is a good curriculum that is also affordable and then monitoring changes throughout the year

39.   Many models and tools are available to help senior leaders in trusts and schools to work through this approach. They should choose one that works for their school or trust, and which fits with their vision and circumstances. We are developing case study examples to share across the sector.

40.   When comparing themselves with other schools, school leaders will want to reflect on existing staffing profiles. There is evidence that teaching assistants can help reduce the workload of teachers[9] but there is also evidence that they are not always used to best

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[9] Deployment and Impact of Support Staff Project, 2009, Blatchford et al, 2007

effect[10]. Teaching assistants are more likely to be effective when they are well-trained and managed, and used to complement the teacher rather than replace them. The Education Endowment Foundation toolkit[11] provides detailed, evidence-based guidance for schools on this issue.

41.   Workforce benchmarking data from the School Workforce Census is part of the schools financial benchmarking service. This allows school leaders to easily access and interpret key information on their workforce structure and they can compare themselves to schools with similar characteristics and challenges, including on metrics that are key to integrated curriculum and financial planning. The financial benchmarking service provides names and contact numbers to make the sharing of best practice between schools as easy as possible.

42.   Our remit for School Resource Management Advisers (see paragraphs 69 - 72 for further details) is for them to go into schools to review costs and expenditure and prompt school leaders to consider whether they have the right balance. School Resource Management Advisers will advise schools, using key metrics to help and support them to understand their current position and also identify opportunities for improvements.

By helping bring down the costs of recruitment for schools

43.   Schools have told us that the teacher recruitment market is complex for both schools and teachers searching for jobs. Increased commercialisation and the use of agencies in the marketplace are driving up costs.

44.   We are developing and testing a free teacher vacancy listing for schools to advertise vacancies. The aim of this is to reduce both the time schools currently spend on publishing vacancies and the cost of recruiting new teachers. The listing will also make it easier for aspiring and current teachers to find jobs quickly and easily.

45.   We also want to help schools reduce the cost of sourcing agency supply teachers. We are introducing a national deal for agency supply staff to support schools with getting value for money. The deal will bring transparency to agency mark ups and require agencies to adhere to standard levels of practice, including on the use of temp-to-perm fees. As well as supply teachers, the framework will include the provision of other agency workers such as teaching assistants and cover supervisors.

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[10] Education and Endowment Trust, Making Best Use of Teaching Assistants, 2015 (Deployment and Impact of Support Staff Project, 2009, Effective Deployment of Teaching Assistants & Making a Statement studies conducted 2010 – 2013)

[11] https://educationendowmentfoundation.org.uk/tools/making-best-use-of-teaching-assistants

Better value procurement

Each year, schools spend around £10bn on non-staff costs. We want to help schools get the best value when purchasing goods and services.

Current support

- To save you money on insurance: the [Risk Protection Arrangement](#) provides an alternative to commercial insurance for academies and free schools. It has already generated significant savings for schools.

- To save you money on regular purchases: a wide and growing range of [recommended deals](#).

- To support school buyers: pilot regional buying hubs in the [North West](#) and [South West,](#) offering tailored support and advice over the phone or face-to-face, to help schools get better value for money.

Next steps

- To save you money on regular purchases: we will expand the range of products covered by the deals we are recommending. We will work with schools to make our deals more easily accessible, ensuring all deals are clearly classified on gov.uk and easily understandable.

To support more school buyers: subject to a successful pilot, we will expand and develop our regional buying hubs pilot with the aim of rolling the hubs out nationally from 2019 to provide tailored support and advice to more schools.

46. Schools buy goods and services from a wide range of suppliers in a diverse marketplace. The provision of services can vary both geographically and in terms of value for money. We want to reduce complexity for schools and signpost school buyers to the right guidance, right supplier, and right product or service. We want to support schools in making £1bn of savings across their non-pay spend.

47. We published the Schools' Buying Strategy[12] in January 2017, setting out our overarching approach. The key elements are:

- **Recommended Deals** to ensure schools have access to the best value deals on common areas of spend. There are pre-negotiated recommended deals in place

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[12] https://www.gov.uk/government/publications/schools-buying-strategy

across a wide range of common spend areas, including energy supply, energy efficiency loans, ICT services and hardware, insurance, audit and facilities management. If an average primary school had taken up the deals on offer last year, it would have saved on average £8,000. An average secondary school would have saved £24,000. We expect to release many more recommended deals over the coming months.

- The **Risk Protection Arrangement (RPA)** for academies and free schools has achieved significant savings, including £57m direct savings to academy trusts expected by August 2020. Over 60% of academies are now enrolled. Based on the latest data, an academy switching to the RPA is expected to save an average of £8.5k on their annual insurance bill. We have adopted a default opt-in approach to the RPA for new free schools and converter academies. From September 2018 RPA will introduce Overseas Travel (to include winter sports) and Cultural Assets (to include a free valuation service) cover as standard. We expect to provide further improvements to the RPA over the next year.

- **Regional Schools' Buying Hubs** to provide expertise and specialist advice to help schools get the best value for money. We are piloting hubs in the north west and south west, with each having the capacity to provide procurement advice and guidance to 900 schools. We will test and evaluate these pilots to make sure they are providing a range of services and support that truly meets the needs of schools, and then look to roll out nationally.

- **Improving the digital offer for schools**, to offer a single "shop window", making it easier for schools to access and use the information, guidance, support and deals that we are making available. In the short term this will involve improving our presence on gov.uk to make our guidance and recommended deals easier to find and use. We have already published pre-negotiated recommended deals on gov.uk with further deals and guidance to follow over the coming months.

- **School Business Professional (SBP) Networks** to provide all SBPs with a first line of support to ask questions and share knowledge at a local level. We are encouraging known SBP networks to expand and are supporting the start-up of new networks so that SBPs across the country can access local advice on procurement. We have published a directory of SBP networks so that existing SBPs can make contact with a local group.

48.   We have published advice and guidance for schools on buying[13], and the development of commercial capability[14] to support decision-making. Additionally, we have published guidance on how schools can move services and information to the

13 https://www.gov.uk/government/collections/buying-for-schools
14 https://www.gov.uk/government/publications/procurement-training-for-schools

cloud[15] outlining the potential associated benefits in terms of cost savings, reduced teacher workload and improved collaboration. We will ensure all elements of our advice, guidance, tools and deals are tested thoroughly with schools. This will help us to ensure they are fit for purpose and quick and easy to access, in order to save schools money and time.

49.   We will continue to extend the recommended deals approach. In addition to the existing best value deals, we will ensure that we can support schools with advice on the best deals available (either our own, or others available in the market) across a range of further key areas of spend.

50.   There will never be a definitive list of deals that will be appropriate for all schools, but we would ultimately expect schools to be making use of recommended deals or be able to show their responsible bodies that they are buying at even better value through their own arrangements. We will continue to seek feedback on our deals so that we can improve our offer and deepen our understanding of barriers to switching. Schools can email schools.commercial@education.gov.uk to share views and experiences.

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[15] https://www.gov.uk/government/publications/cloud-computing-how-schools-can-move-services-to-the-cloud

Improved data and transparency of information

Schools want to have good quality, accurate and timely data to make informed decisions on how to manage their resources efficiently, so that every pound counts.

Current support

To help governors and responsible bodies: the top ten planning checks for governors sets out the key metrics and information that they should consider in order to ensure that their school is operating efficiently.

To help you benchmark: the schools financial benchmarking service lets schools compare their performance data and spending levels with other, similar schools. It has been built with substantial testing and feedback from schools.

Next steps

To improve our benchmarking offer: we will publish a tool to help schools identify areas for improved resource management, by measuring information about the school's spending and characteristics against set thresholds. We will improve the way data is collected and the timescales for feeding it into our tools to ensure we are making the best use of available information.

51.   Governors and responsible bodies should be holding schools to account for the way they spend their resources and regularly reviewing financial information. Benchmarking and comparisons, which make schools aware of the performance of schools that are similar to them, can also be a powerful tool for change[16]. They can provide a basis for governors and responsible bodies to challenge school leaders on how resources are used, as well as for sharing best practice with other schools.

52.   In order to support schools to make informed decisions about how well they are managing their resources, we provide a range of tools:

- **Top 10 planning checks for governors**: which sets out key checks for governors and responsible bodies to help make sure schools manage their resources well. The metrics within these checks (such as Teacher Contact Ratio, Average Teacher Cost and Pupil to Teacher Ratio) underpin an integrated approach to curriculum and financial planning, on which we also make available videos (video 1, video 2), a (secondary) planning tool and a case study example.

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[16] Dolan P., Hallsworth M., Halpern D., King D., Vlaev I, (March 2010) MINDSPACE: Influencing behaviour through public policy https://www.instituteforgovernment.org.uk/publications/mindspace

- A guide to [Understanding Your Data](#) is also on gov.uk. Aimed at academy trustees, maintained school governors, executive leaders, local authorities and local governing bodies, this guidance sets out what it is reasonable to expect to see - from leadership teams - when looking at the performance of a school or academy trust.

- **[The schools financial benchmarking service](#)**: launched in July 2017, the website provides schools with the ability to compare their spending in various categories with that of similar schools, bringing together data for academies and maintained schools. It has been built and tested extensively with schools and is much easier to use than its predecessors. Governors and school leaders can use the information on the site to challenge their schools on their level of spend, to identify where savings could be made and to determine if there is potential to direct more resource into good quality teaching. The benchmarking service includes a wide range of information such as average teacher cost, the proportion of expenditure spent on supplies and services and the cost of energy per pupil. It also includes school contact information, so that good practice can be shared more easily.

- **Benchmarking report cards**, which are sent to all schools. These short 'report cards' provide highlights of school spending compared with similar schools. They are designed to be shared with school governing bodies, to encourage them to undertake further and regular benchmarking and help them hold the headteacher and school business professional to account. They provide pointers on what schools might wish to look at when exploring comparisons with similar schools in more detail through the benchmarking website.

- An **[efficiency metric](#)**, which looks at the progress of pupils and levels of funding at Key Stage 2 and Key Stage 4. The metric then compares this information with data from similar primary or secondary schools to provide an indication of a school's overall level of efficiency. This information should be used to prompt a conversation within and between schools about the potential to achieve more with the funding that is provided.

53. We have been working closely with schools to ensure that these data tools add value. We know that these improvements are already proving successful: 74% of those who responded to a satisfaction survey on the new benchmarking site described it as either "easy" or "very easy" to use. Testing with schools has shown that the increased stability and improved presentation of the site has provided users with the confidence to undertake benchmarking scrutiny as part of governor meetings. In addition, the distribution of benchmarking report cards to schools led to an increase in the use of benchmarking tools last year by 20% amongst maintained schools and 16% amongst academies.

54.   Benchmarking data for academies for 2016/17 was published in June 2018, five months earlier than the data for 2015/16. We will continue to explore ways to streamline the processes around data collection and the use of data in our tools as part of the department's broader data strategy.

55.   We are planning to strengthen arrangements for school self-assessment of resource management. We are working with schools, local authorities and sector representatives to revise the mandatory Schools Financial Value Standard (SFVS) for local authority maintained schools by increasing the focus on resource management. The revised set of questions will become part of a new school resource management self-assessment tool. We have also developed a tailored version for academies, working with academy trust representatives, and we will consider whether this should in time become a requirement for academy trusts so that all schools are holding themselves to the same standards.

56.   As part of the school resource management self-assessment tool, we have also developed a data-driven dashboard for all schools. This will provide governors and responsible bodies with simple RAG-ratings so that they can understand the quality of the resource management and financial health of their schools, based on consistent and objective metrics such as those used in the top ten planning checks and in integrated curriculum and financial planning.

Supporting schools' development of financial skills

We will support leadership teams in schools and trusts to best manage their resources by developing financial skills and helping them adopt an integrated approach to curriculum and financial planning.

Current support

- To help schools plan: there is support and guidance[1] available to help school leadership teams implement an integrated approach to curriculum and financial planning, including the curriculum planning tool.

- To highlight the benefits of strong school business professionals (SBPs): case studies highlighting the value that SBPs can deliver for a school.

- To help SBPs access support and information: we have published a directory of networks, we are encouraging known SBP networks to expand and helping new networks to set up.

Next steps

- To improve communication with SBPs: we are developing a database of serving SBPs so that we can send targeted updates on products and guidance. (SBPs can register for this by completing a form giving their contact details.)

To support and upskill SBPs: we will continue to work with the Institute of School Business Leadership and partners, supporting the development and promotion of qualifications (including apprenticeships) for SBPs and improved entry routes into the profession.

57.   We are already providing school leaders with support on financial planning and management and to develop their commercial skills. As well as improved access to a wider range of data to help inform their decision making, there is also expert advice and guidance from practitioners on how to implement planning processes that are curriculum-led and data-driven. We will continue to complement this with practical examples, from schools and trusts, of the kind of benefits this can yield.

58.   We are working to encourage known SBP networks to expand and have recently published a directory of networks, to help school business professionals find a local group, as well as guidance on how to start a new network if there is not already one within easy reach of the school or trust. We want to continue to give networks access to good practice, case studies, information and updates and we are also working to increase the reach of these groups across the country, so that every school business

professional can benefit from membership of a strong and supportive professional network.

59.   In addition, we will work to:

- **Enhance the supply** of SBPs: we want to see high quality SBPs entering and progressing in the sector, with the ultimate objective of all schools having access to a skilled SBP - either in their own school, through a MAT or federation, or other collaboration.

- Provide new and existing professionals with clear opportunities to **upskill and progress**, working with ISBL and others on developing and promoting existing qualifications, as well as the new Level 4 apprenticeship and the Level 6 Chartered Manager Degree Apprenticeship.

- **Raise the status** of these professionals so that their strategic value is recognised sector-wide: we want to encourage all schools to acknowledge the value of a high quality SBP and to assist them in accessing skilled professionals. In doing so, we aim to generate a closer relationship between SBPs, headteachers and governors.

60.   In order to do this, working alongside ISBL, we will support the development of professionals already in the sector and encourage talented people into the profession via new entry routes - including through Civil Service fast streams. We have already reformed the National Professional Qualifications for school leadership and these now have a stronger emphasis on financial and risk management. The qualifications target aspiring and serving school leaders at four levels of leadership: a National Professional Qualification for Middle Leadership (NPQML), Senior Leadership (NPQSL), Headship (NPQH), and Executive Leadership (NPQEL).

61.   We will also work to improve understanding of the SBP role among governors and heads, focusing on what SBPs can add to a school and why they should be an integral part of the leadership team. As part of this, we have published a series of case studies which highlight the value a school business professional can have on schools.

62.   We also want to improve how we communicate directly with school business professionals and are asking them to complete a form giving their contact details so we can send them updates on products and guidance.

63.   Income generation accounts, on average, for 4% of schools' budgets – around £1.3 billion a year. The majority of this comes from letting of premises or from goods or services provided by the school. The level of income generation varies a great deal between schools. Many schools do this well and it can provide a valuable resource for the local community as well as having a positive impact on school resources.

64.   We will work with the sector to produce guidance on different forms of income generation. We will encourage and support school leaders to adopt a strategic approach

and help them to navigate through problems they may come across. This will mean that all schools are better able to raise extra income and benefit the community.

Providing oversight, intervention and targeted support

We will provide direct support to schools where it is required, particularly when schools are at risk of falling into financial difficulty.

Current support

To provide hands-on tailored advice and support: we have been piloting the provision of School Resource Management Advisers directly into schools and trusts.

Next steps

We will expand this provision for the 2018/19 academic year, with a larger cohort of School Resource Management Advisers.

65.   The advice and support already described in this document will be sufficient to prompt the right discussions in many schools and trusts. However, some schools will need more support to help them to work through how and where changes can be made to have the greatest possible impact on pupil progress.

66.   We already provide schools with access to a directory of suppliers who can provide Financial Health Checks when schools want to seek help from an external organisation in order to review their current financial position. These suppliers can provide a range of services – helping schools to identify strengths, weaknesses and opportunities to improve their capability.

67.   The Education and Skills Funding Agency (ESFA) works with schools and academy trusts to improve their financial health and prevent financial failure. The ESFA continues to strengthen its preventative approach for both academies and maintained schools to help them to get the best value from their resources and achieve a sustainable financial position. The aim is to identify potential financial health issues as early as possible and to support schools to make improvements where things are at risk of going wrong.

68.   When a school is at risk of falling into financial difficulty, it is right for the department to intervene – directly with academies, or working with local authorities in the case of maintained schools. When academy trusts do get into financial difficulty, the ESFA will work closely with them to enable them to recover their financial position and return to a stable position.

69.   The ESFA has been piloting a phased programme of work to deploy School Resource Management Advisers, prioritising those schools which will benefit the most. School Resource Management Advisers provide tailored support and guidance to help

schools maximise the use of their resources in order to improve outcomes for pupils in a financially sustainable way. Over time, we will make School Resource Management Advisers available more widely, where schools have an identified need for support.

70.   School Resource Management Advisers will use data and benchmarking to help schools understand their position and how it compares to that of schools which are similar in characteristics and challenges. They will also help school leaders establish the analysis and tools that will most help them in improving their school's resource management. Where appropriate, especially when working with MATs, the School Resource Management Adviser will help the trust/school develop an approach to planning that combines curriculum and financial planning into a joint, data-informed exercise.

71.   To expand this provision we are procuring a longer-term, larger-scale cohort of School Resource Management Advisers to provide support to more trusts and schools.

72.   Although the department has oversight of the whole education system, local authorities are responsible for the finances of maintained schools. We will work with local authorities, as appropriate, to support them to improve resource management in their schools including through School Resource Management Advisers where required.

Transforming the funding system

We are introducing the National Funding Formula (NFF) for schools, and this is at the heart of our overall approach.

73.   Since 2010, we have been reforming the school funding system so that it is fairer, simpler and more transparent. Our aim has been to create a system in which schools and local authorities are funded on a consistent and up-to-date assessment of need that reflects the characteristics of their pupils.

74.   In September 2017, we set out details of the new NFF[17] which was introduced from April 2018. This built on our announcement in July 2017[18], when we confirmed that the introduction of the formula for schools would be supported by an additional £1.3bn over the next two years. This significant investment means that, overall, we can maintain per-pupil spending on the schools and high needs blocks, in real terms, up to 2020. The NFF will create a funding system that:

- is fair

- reflects pupil characteristics

- is efficient – with resources matched to need

- gets more funding to the front line – to empower school leaders to maximise the resources available for teaching

- is transparent, simple and predictable

75.   The NFF is the biggest improvement in the school funding system for decades and is at the core of our overall approach. Crucially, it will ensure that funding is based on a formula which applies consistently across the country. This move towards fair funding is a major step forward in making the school funding system transparent and predictable, and is vital for helping schools to plan ahead and invest resources to have maximum impact.

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[17] https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs
[18] https://www.gov.uk/government/speeches/justine-greening-statement-to-parliament-on-school-funding

Improving the infrastructure of the school estate

> Investment in the school estate and ongoing work with schools and local authorities to reduce school running costs.
>
> We will continue to work with the sector to provide this support, and ensure school places are available in the areas which need them.

76.   We are committed to investing in the school estate in a way that has maximum impact for pupils and which helps schools to drive down running costs.

- The £4.4bn Priority School Building Programme is rebuilding and refurbishing over 500 schools across the country, with work complete at 250 schools across the two phases of the programme as of June 2018. Since 2015, the government has allocated £5.6bn of condition funding directly to the sector to enable schools, local authorities and academy trusts to carry out essential maintenance, repair and refurbishment.

- We are improving our data on the school estate to help us target funding even more effectively. The new Condition Data Collection will provide up-to-date data on the condition of every school in the country and will help us target funding more effectively.

- We are providing targeted funding for energy efficiency through the Salix scheme. Salix provides schools with interest-free loans to help pay the upfront costs of energy efficiency improvements such as low-energy lighting, insulation and boilers, with the loan paid back entirely through the savings that schools make on their energy bills. The scheme has already provided over £40 million of investment to maintained schools, supporting total lifetime savings of £148 million. Salix have committed a further £48m of funding for over 1,200 academy school projects, which are expected to save the public sector over £119m over the lifetime of the technologies and over 32,300 tonnes of carbon annually. £60 million of joint DfE/BEIS funds has been made [available to all schools including academies]() for projects running between 2016 to 2021.

77.   We are working with the sector to support local authorities, academy trusts and other responsible bodies to secure sufficient capability and capacity to deliver capital projects efficiently and manage their estates effectively:

- We published [Good Estate Management for Schools]() in April 2018 to provide a one-stop shop on estate management for responsible bodies, including the fundamentals that we would expect all responsible bodies to embed into their

practice. The guide has a range of [tools](#), including a self-assessment template and key checks, to help schools manage their estates effectively.

- We have provided support and challenge to local authorities on improving how they deliver capital projects – for example by using procurement frameworks, design guidance and collaborating with other authorities to batch projects for procurement.

- We have been working with local authorities to discuss ways they can improve efficiency in the delivery of school places. We are now working with the sector to support high-cost local authorities to increase value for money. In 2018/19, we will extend our work to look at efficiency in the management of the existing estate by both academy trusts and local authorities.

- We are developing new data sources to monitor whether the funding provided for school maintenance and improvement is being used efficiently. Data on the condition of the school estate will be analysed with data collected on actual spending on maintenance and improvement in order to understand and compare spending patterns and changes in condition. This will allow us to develop better metrics and benchmarks to understand and compare performance, identifying where and when we can most usefully support improvement.

78.   As well as the condition of the school estate, the distribution of school places has significant implications for pupil outcomes and overall resource management. We will continue to support local authorities to deliver a good school place for all pupils. We have already committed £7 billion of capital funding for new school places between 2015-2021, with 90,000 primary and secondary places added between May 2016 and May 2017, and local authorities having firm plans in place for 185,000 more places over the coming years. This funding will help deliver places in the areas with greatest need, based on local authorities' own data.

79.   The ESFA's new construction framework with additional building contractors and greater capacity, is available to all local authorities for projects of c£1m and above. Local authorities do not have to pay a fee to access this framework which enables them to leverage the relationships that ESFA has with contractors to support efficiency and effective delivery of their programmes, and resolve challenges.

80.   We will continue to publish and enhance 'school place scorecards'. These scorecards provide a breakdown of data across both primary and secondary phases, in order to enable comparison at national and local authority level across key factors such as the number of places introduced and planned; average cost of places; quality of places offered; basic need allocation; and, forecasting accuracy.

81.   Alongside the support to local authorities in delivering the places they need, we will also work with them on approaches to managing spare capacity in their areas.

Retaining some spare capacity is prudent and allows local authorities to manage shifting demand and provide for parental choice, but we expect local authorities – as part of fulfilling their duty to provide sufficient places – to manage the local estate efficiently and reduce or find alternative uses for high levels of surplus, in order to avoid detriment to schools' educational offer or financial position.

82.   In doing this, we expect local authorities – in dialogue with their schools, academy trusts, dioceses and other interested parties in their area – to consider the range of options for reutilising space (including, for example, childcare provision and the provision of community facilities), as well as options for reconfiguration (including remodelling, amalgamations, mergers or closures where this is the best course of action). Of course, the costs and benefits of keeping and removing spare capacity are very sensitive to local factors. All of these factors should be carefully weighed up locally, along with considerations of the quality and diversity of provision, to determine the most appropriate approach.

83.   In addition, we will work closely with local areas when considering free school applications. This will include taking account of the views of local authorities and of existing plans for addressing need, in order to avoid the risk of an oversupply of places.

Supporting partnership working between schools

> We will continue to support collaboration between schools to improve standards and reduce costs.

84.   Schools can improve both standards and resource management through collaboration. By working in partnership with each other, schools can benefit from sharing staff, curriculum expertise and effective pedagogy, and drive down the costs of procurement. For example, small rural primary schools can come together in federations to offer a wider range of services, including specialist teaching staff and a richer curriculum for pupils[19]. Many of these benefits are possible in federations and other forms of partnership, especially in Multi-Academy Trusts (MATs).

85.   By collaborating in a MAT, schools can benefit from the support of specialised central finance teams who are able to secure efficiencies in procurement and in the central provision of support services. Emerging evidence suggests that MATs are able to spend less on non-education costs meaning they are able to spend more on teaching staff[20]. MATs are increasingly able to provide examples of savings they are achieving to support long-term sustainability in their schools[21].

86.   We continue to support strong and sustainable MATs to develop, learn from the effective practice of others, and build models that support their schools to invest more in the frontline and in pupils' education, including through:

- The MAT Development Improvement Fund, which is providing additional funding to trusts in order to build their capacity to improve schools and increase social mobility.

- The publication of good practice guidance which gives examples of the ways MATs can ensure financial effectiveness, and outlines what Regional Schools Commissioners (RSCs) will look for when assessing the capacity of MATs at each stage of their development.

- The facilitation of peer-to-peer support and best practice sharing networks, including the use of Headteacher Board members to inform RSCs' decision making; providing bespoke support for less-established trusts; and enabling peer-mentoring partnerships.

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[19] House of Commons Education Committee, (2015) 'Academies and free schools, Fourth Report of Session 2014-15' and National College for Teaching & Leadership (2014), 'The governance of federations'
[20] EPI (2017). The economic benefits of joining, establishing or growing a multi-academy trust.
[21] Department for Education (2017). Academy Trust Survey

- Academy Ambassadors, who provide a free service to trusts matching them with business people looking to improve the level of professional skills at board level. Since 2013, this programme has made over 800 introductions to trust boards.

87.   We will do more to support trusts to develop sustainably so they can have the greatest impact on pupil outcomes. We will:

- update the MAT Good Practice Guidance and Expectations for Growth to provide practical guidance for trusts

- provide published, user-tested resources and case studies that trusts can use as examples of best practice

- develop further programmes to support MATs to develop and improve, especially focused on supporting effective trust governance

- introduce a transparent way of assessing the strength of individual trusts and the support they provide to their schools

Moving forward

88.   We will continue to work with schools to make sure the guidance and tools that we provide are user-friendly and meet real needs. We will review the way we share and promote information about this support, to make sure that it is easily accessible by schools. We will help schools to share expertise and good practice.

89.   As we implement the NFF and provide support to make the best use of the resources that will be available, we are confident that we are providing a strong foundation upon which schools will be able to continue to build a world-class education system that raises standards for all and helps to drive real social mobility.

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