



Lord Agnew Kt DL

Parliamentary Under-Secretary of State for the School System
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To: all Chairs of academy trusts in England

21 February 2018

Dear Chair,

As a recently appointed minister with responsibility for academies, I write to express my thanks for the crucial work that you do as Chairs and to ask you to join me in strengthening the network of Chairs across England.

The academies programme is founded on evidence that educational systems which have moved from good to outstanding have empowered schools to drive improvement, with increased autonomy and freedom to set strategy and direction. Having been the Chair of Inspiration Trust between August 2012 and September 2017, I have seen first-hand the impact that multi-academy trusts can have. I want to reassure you that if your trust is providing a good education for children, with secure and robust organisational financial management, there should be few occasions where the Department will intervene, other than to ask you to share your effective practice with us and others. I strongly believe in an autonomous school system and the best trusts are yielding impressive results with a life-changing impact on children in their schools.

As a former Chair, I am very aware of both the challenges and satisfaction that the role can bring. Leaders play an important role in ensuring teachers' time is used effectively and efficiently. High workload is the most commonly cited driver for teachers leaving the profession, and while the reasons for workload issues are complex, Chairs can play an important role alongside the Department to help reduce the time teachers spend on tasks that lack a clear link to teaching children. Chairs have a key role to play in striking a balance between information overload and enabling good decision-making through accurate tracking of, for example, the financial position against budget (using monthly management accounts); pupil number projections versus actuals; and prioritising performance data on the progress gap for disadvantaged pupils. I am determined that the Department only asks for information that is necessary for public accountability.

To recognise the significance of the role of Chair, I have encouraged the Regional School Commissioners, their teams, and the Education and Skills Funding Agency (ESFA) always to involve yourself and non-executive board members when they meet. Having a direct relationship with the RSCs, including during annual MAT reviews, will enable you to talk about the performance of your academies and your strategic direction.

As Chairs, the financial health and sustainability of your trust is a key priority, and the attached annex includes a short list of useful links which you may find helpful. The list includes a set of national deals available on items you buy regularly, such as energy and printers. The savings can be significant and the page is updated regularly as new deals are negotiated. If you feel improvements can be made to this service please let me know.

On resourcing, you will be aware that the new National Funding Formula (NFF) for schools was finalised in September last year. The NFF means that, for the first time, the funding system will reflect the individual needs and characteristics of schools across the country. Notional allocations for all schools are available at <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs>. However, be aware that local authorities will continue to set local funding formulae which will be used to determine final budgets in 2018-19 and 2019-20. These formulae will determine the extent to which and how quickly individual schools move towards their NFF allocations. Your schools will receive their final funding allocations ahead of the new financial year as normal.

I want to emphasise the priority that I attach to the responsibility you and your boards have to ensure that your executive teams manage their budgets effectively and deliver the best value for money. This is particularly important when looking at the pay of your senior leadership teams – especially the Accounting Officer. I would also ask you to scrutinise any related party transactions, ensuring a full and proper procurement process is followed and that the trust is able to demonstrate the services provided are at cost.

Eileen Milner, the new CEO of the ESFA, has recently written to a number of single-academy trusts where remuneration for a trust employee is above £150,000, and will shortly be writing to MATs where this applies too. I believe that not all boards are being rigorous enough on this issue. CEO and senior pay should reflect the improvements they make to schools' performance and how efficiently they run their trusts. I would not expect the pay of a CEO or other non-teaching staff to increase faster than the pay award for teachers. I intend to continue to challenge this area of governance. My view is that we should see a reduction in CEO pay where the educational performance of the schools in the trust declines over several years.

As part of my role in ensuring a strong school system, I want to ensure an open dialogue with you and your teams as we seek to improve outcomes for pupils and drive up education standards in England. I look forward to meeting many of you personally at round tables and official engagements. To support this please ensure that your trust governance contacts are kept up-to-date. Please notify the ESFA of new and replacement academy trust members, trustees, accounting officers and chief financial officers at <https://www.gov.uk/guidance/updating-academy-trust-governance-contacts>.

Thank you for all that you are doing in this vital public service. I know how much time it can take but the satisfaction can be immense.

A handwritten signature in blue ink that reads "Theodore Agnew". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

THEODORE AGNEW

Key resources: Board level skills, recruitment and financial benchmarking

- The **Academy Ambassadors programme** (<https://www.academyambassadors.org/>) provides a service to match business people and professionals with multi-academy trusts to strengthen board-level skills in finance, HR or change management.
- **Inspiring Governance** focuses on finding people with specific skills in specific geographic areas (<https://www.inspiringgovernance.org/>).
- The **schools financial benchmarking website** (<https://schools-financial-benchmarking.service.gov.uk/>) gives comparison data for other schools and multi-academy trusts to strength decision-making, including for the effective deployment of teaching staff.
- The **top ten planning checks for governors** (<https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors>) sets out a useful summary on managing resources effectively.
- **Procurement deals** are available on items you buy regularly to achieve significant savings, such as energy and water supplies or printers and photocopiers at <https://www.gov.uk/guidance/buying-for-schools/deals-for-schools>

NSC and RSC contact details

Name	Region	Contact details
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