



**Lord Agnew Kt DL**

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Dear Chair,

Thank you for everything you are doing to help improve education in our country. I last wrote to you a year ago and a lot has happened since then.

What has remained consistent is my focus on trust governance. I continue to believe that this is the critical factor, exclusively at your disposal, as to whether schools provide an outstanding education to their pupils over the long term. As an academy trust chair, you are the most important person in your organisation in making sure that good governance is at the forefront of your board's mind.

Perhaps the most significant event in the last six months, other than the General Election, was our Secretary of State's ability to secure a substantial funding increase for schools. This amounts to a total of £14bn more over the next three years - £2.6bn in 2020-21, £4.8bn in 2021-22 and £7.1bn in 2022-23, all compared to 2019-20. Over and above these figures, the Government has confirmed £1.5bn a year to meet increasing pension costs (ensuring that the Teacher Pension Scheme remains one of the best of its kind in Europe). The Government's commitment to increasing levels of funding was reiterated in the Queen's Speech on 19 December 2019.

I hope by now that the whole system knows my priority: financial resources made available to schools should be used as effectively as possible. To be clear, this is not because I am taking a narrow financial view. It is because the power at your disposal to improve the education of your pupils with this money is enormous. Good financial management secures your ability to invest to transform lives.

In my experience, there is an extremely tight correlation between trusts that have strong and effective controls over their budgets and those delivering well above average educational outcomes. This is the case regardless of geography, type of school or level of deprivation.

We are working hard to provide you with additional tools to improve your ability to achieve value for money. This includes non-staff spend (over £10bn/year), through a range of deals and tools to help improve procurement. It also includes getting the most value from staffing spend, including raising awareness of the most effective management of allocated teacher time. The deployment of School Resource Management Advisors in over 500 trusts has shown an average re-investment potential of around £350,000 per trust over three years. This could be redirected to achieve more effective outcomes.

The creation of the Risk Protection Arrangement five years ago has seen the average insurance cost per pupil fall from £50/year to around £25. (It has also

saved the taxpayer over £680million, if one assumes that the commercial insurance market would not have reduced its rates without any competitive pressure). I believe similar opportunities exist in teacher recruitment costs. Teaching Vacancies is fast becoming the place to list and search for teaching roles in England. For supply teacher costs, we have introduced a new commercial deal with standardised terms and conditions and lower margins. For these to have maximum impact, schools need to use them and promote their use to the whole teaching workforce.

From the middle of February, the ESFA will be able to give your trust rapid feedback on your level and direction of spend compared to the nearest comparable schools in the country. Where you are not in the top quartile of performance, I hope you will provide robust challenge to your organisations. Every pound under-utilised is a pound that could be improving your pupils' education. There may be reasons why your school(s) are outliers, but ensure you fully understand the reasoning you are given and challenge your leadership teams to tackle inefficiencies.

From this September, Ofsted are intending to pilot changes to inspections that will place a greater emphasis on schools' use of resources. This will bring further focus to the issue of financial effectiveness.

As ever, I am always open to ideas as to what more we can do from the centre to support you. We do not get enough feedback from the sector. You are in the cockpit. Tell me what you need and if it makes sense, I'll do my best to support you.

I was a trust chair for six years and saw the power of what an effectively run organisation can produce for its pupils. This is where my drive comes from. During my time, we took over six schools in special measures, many with very poor finances. We improved them educationally and balanced the books. This is what makes your role one of the most exciting and rewarding in the field of voluntary work in this country. The difference you can make through strong leadership and support of your teachers is staggering.

For those of you who are achieving these improvements, thank you. For those of you who are still struggling to improve your schools, tell us. We can provide a huge amount of support. But as I have learnt doing this job, that support is worthless if boards don't embrace it.

I look forward to continuing to work with you over the next year.

Yours sincerely,

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

THEODORE AGNEW

## School Resource Management – summary information for schools and trusts

Area	Summary of existing offer and next steps
Getting the best value from your <b>non-staff expenditure</b>	<ul style="list-style-type: none"> <li>• <a href="#">Risk Protection Arrangement</a> for academies and (from April 2020) local authority maintained schools. An alternative to commercial insurance. £18 per pupil or less until at least August 2021.</li> <li>• <a href="#">Buying for schools</a>, for guidance and support to save time and money on purchases across facilities, IT, business services and utilities.</li> <li>• <b>Regional Schools buying hubs</b> in the <a href="#">north west</a> and <a href="#">south west</a>. From January 2020, this service has been extended to all schools in the NW and SW offering advice and guidance services to help with buying.</li> </ul>
Support in managing your <b>workforce</b>	<ul style="list-style-type: none"> <li>• <a href="#">Agency supply framework</a> - transparency on mark-ups, DBS checks, no temp-to-perm fees after 12 weeks.</li> <li>• <b>Teaching Vacancies</b> - free <a href="#">search</a> and <a href="#">listing</a> service for schools and teachers.</li> </ul>
Using your <b>data</b> to make decisions about managing resources effectively	<ul style="list-style-type: none"> <li>• <a href="#">Schools Financial Benchmarking Service</a> – allows schools / trusts to compare spend with similar schools / trusts. This term we will be adding additional functionality to make it easier for users to find comparable schools.</li> <li>• School resource management <a href="#">self-assessment tool</a> – providing academies with RAG ratings on their pattern of spending and helping them to identify where improvement may be possible - and the <a href="#">Schools Financial Value Standard</a> for maintained schools and local authorities.</li> <li>• <a href="#">Understanding your data: a guide for school governors and academy trustees</a> - provides information to help boards to effectively analyse their school or academy trust's performance.</li> <li>• <a href="#">Top ten planning checks for governors</a> to help them manage resources effectively.</li> </ul>
<b>Financial skills</b> and support	<ul style="list-style-type: none"> <li>• The Education and Skills Funding Agency offers accredited <b>School Resource Management Advisers</b> to provide expert support to trusts and schools. If you would like to work with an adviser or are interested in becoming one please contact the ESFA <a href="#">here</a>.</li> <li>• A page of resources on <a href="#">Integrated Curriculum and Financial Planning</a>, including free guidance and tools, and signposts to tiered <a href="#">Financial Advice for Schools</a>.</li> </ul>