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Guidance

School resource management: top 10 planning checks for governors

School and academy governors can explore these questions to help schools manage their resources and money efficiently.

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Governors at schools and academies can use this information as a starting point to check if their school is managing resources and finances effectively.

Use these checks early in the annual budget planning cycle, and when looking ahead at the 3 to 5 year position.

On many of these areas, you should be consulting your school business professional (who could be the business manager, or finance director equivalent, in your setting), as well as your headteacher or CEO. You should request that comparative information and analysis from the schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>) is incorporated within relevant reports that the full governing body, and any finance committee, receives.

The Department for Education's Compare your school or trust's budget: financial benchmarking (<https://www.gov.uk/guidance/schools-financial-efficiency-financial-benchmarking>) service allows you to compare your school's spending with other schools in similar circumstances, to see if spending could be more efficient. The School Financial Values Standard (<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>) (SVFS) and Self Assessment Tool (<https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool>) (SAT) can also help with your analysis. Integrated Curriculum Financial Planning (<https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp>) (ICFP) summarises the common features of ICFP. It also signposts to examples of best practice, as well as free-to-download practical resources. All of these tools will help you consider some of these questions.

Senior staff in schools and academies, including school business professionals (business manager or finance director equivalent), will also find this guide useful.

1. Staff pay as percentage of total expenditure

Staff pay is the single most expensive item in the school budget. It typically represents over 70% of expenditure. The schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>) will help with analysis.

Questions governors might want to ask:

- what percentage of the budget is spent on staffing compared with similar schools?
- how does the percentage for teaching staff, curriculum support staff and other support staff compare with other similar schools?
- how do your school's pupil outcomes – such as your school's progress score – compare with other similar schools, relative to spend on staffing?
- What is the overall staff cost as a percentage of total income? Staffing costs over 80% of total income are considered high
- if teaching costs are relatively high, is this due to the number of teachers or a relatively high proportion of highly-paid staff?

2. Average teacher cost

This measure is calculated by dividing the total teaching cost by the full-time equivalent (FTE) number of teachers.

Questions governors might want to ask:

If the average teacher cost is high in comparison with other similar schools, why is this? The schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>) includes staffing cost per teacher (in the 'expenditure' section).

Is this due to:

- the staffing grade profile, such as a high number of staff on the upper pay scale?
- the responsibilities structure in the school, such as the Teaching and Learning Responsibility (TLR) scale?
- another reason?

How far is your school using its pay flexibilities – for example, to differentiate pay by teachers' performance?

3. Pupil-to-teacher ratio (PTR)

The pupil-to-teacher ratio (PTR) is calculated by dividing the number of FTE pupils on roll by the total number of FTE teachers. A relatively low PTR could suggest small class sizes.

As well as benchmarking the PTR, you may want to review the average PTR and pupil to adult (teachers and support staff) ratios in other schools and academies. You can do this using the 'Workforce' section of the schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>) and choosing 'pupils per measure'.

The ratio of pupils to all educational staff (including teaching assistants) is also relevant, especially in primary schools. Read the Education Endowment Foundation's survey about the impact of teaching assistants (<https://educationendowmentfoundation.org.uk/evidence-summaries/teaching-learning-toolkit/teaching-assistants/>). Evidence found that teaching assistants are a 'high cost' intervention with a mixed impact on pupil education levels, depending upon how they are deployed.

Questions governors might want to ask include:

- what is the PTR for different key stages within their schools?
- how does the school's PTR compare with similar schools? If it's significantly different, what is the reason for this?
- how does the ratio of pupils to staff compare with similar schools?

4. Class sizes

The smaller the class size the greater the cost of delivery per pupil. Governors should ensure that class size plans are affordable while supporting the best outcomes for pupils. You can also use integrated curriculum and financial planning (<https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp>) (ICFP) to plan the best curriculum for pupils with the funding you have available. It can be used at any phase or type of school.

You may find it helpful to look at the Education Endowment Foundation's evidence on the impact and costs of reducing class size (<https://educationendowmentfoundation.org.uk/evidence-summaries/teaching-learning-toolkit/reducing-class-size>).

Questions governors might want to ask:

- what are the average class sizes by key stage, and by options at key stages 4 and 5?
- what class sizes does your school aim to achieve – and what is the educational reason for this?
- are there any small classes where the per pupil funding does not cover the cost of delivery? This can be especially important at key stage 4 and 5 where class sizes for some subjects can fall
- do you know the maximum average class size that the school can operate at within the context of the pupil admissions, the structure of the building, the numbers in different year groups and the need for intervention strategies?

5. Teacher contact ratio

This measure is calculated by taking the total number of teaching periods timetabled for all teachers in the school and dividing that by the total possible number of teaching periods (the number of teaching periods in the timetable cycle multiplied by the FTE teachers). All teachers should have a guaranteed minimum of 10% timetabled planning, preparation and assessment (PPA) time. Therefore the teacher contact ratio will always be lower than 1.0.

The Association of School and College Leaders ([ASCL](https://ascl.org.uk)) advocates 0.78 as an aspirational target for the ratio, on the basis that this represents approximately 10% of all teacher time in planning and preparation, 10% in management activity and allows 2% margin. See the [ASCL model](https://ascl.org.uk/Help-and-Advice/Funding/Financial-Resources/The-Equation-of-Life) (<https://ascl.org.uk/Help-and-Advice/Funding/Financial-Resources/The-Equation-of-Life>).

Questions governors might want to ask:

- how would changes to the teacher contact ratio impact on the overall budget?
- are teaching staff undertaking roles that could be done by support staff?
- how does your school compare against the [ASCL](https://ascl.org.uk) aspirational target (secondary schools only)?
What is the reason for any difference?

6. Proportion of budget spent on the leadership team

Schools have many different leadership and management structures and comparisons are not straightforward. The total number of staff in the leadership group ([FTE](https://schools-financial-benchmarking.service.gov.uk/)) is included in the schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>).

Some schools calculate the cost of non-class-based leadership time as a percentage of total expenditure, and compare to similar schools by collaborative exchanges of summary information. Likewise, multi-academy trusts can compare across their member schools where they are similar.

Questions governors might want to ask:

- how does this compare with similar schools, taking into account any contact time the leadership staff have?
- if there is more than one school in your trust or federation, are the leadership structures proportionally the same?
- how has your school made decisions on the proportion of its budget to be spent on the leadership team?
- if this is relatively high or low compared with similar schools, is this because of the size of the leadership team, or their pay?

7. 3 to 5 year budget projections

Governors should ask to see 3 to 5 year financial projections, and the assumptions made to cost them.

Assumptions you may want to review:

- projected pupil numbers
- free school meal numbers
- likely pupil premium income
- projections of the staffing that will be necessary in these years.

Schools should plan their staffing based on multi-year projections of curriculum needs.

Questions governors might want to ask:

- how confident are you that pupil number projections are realistic? If there is uncertainty, boards should be given 3 scenarios: cautious, likely, and optimistic. This applies to all key assumptions, but especially pupil number projections and funding rate assumptions
- if the optimistic scenario indicates financial difficulties, is the school developing a recovery plan now?
- if the cautious budget indicates potential financial difficulties, what contingency plans does the school have to overcome them?
- are there any issues in the medium term that should be addressed now?
- how will current decisions impact medium-term budgets?
- what do we need to put in place now to ensure we have the necessary funding in the future?

8. Spend per pupil for non-pay expenditure lines compared to similar schools

The schools financial benchmarking service (<https://schools-financial-benchmarking.service.gov.uk/>) will allow you to compare your school's pattern of expenditure with similar schools.

Questions governors might want to ask:

- what is the spend per pupil for catering, ICT, estates management, business administration, energy and curriculum supplies?
- if benchmarking indicates a relatively high spend on a particular expenditure line, do you know why?
- are the reasons unavoidable or can your school secure greater efficiency?
- if the cost of energy seems high compared with similar schools, have you considered switching your energy deal or provider?
- if spend on supplies and services seems high compared to similar schools, are there opportunities for collaborating with other local schools to bring costs down?
- to explore opportunities for collaborating, encourage your School Business Professional (SBP) to attend their local network (<https://www.gov.uk/government/publications/join-or-create-a-network-for-school-business-professionals/school-business-professional-networks-directory#directory>)
- has your school checked whether it can get a better deal on the things it buys regularly (<https://www.gov.uk/guidance/buying-for-schools/deals-for-schools>)?

Multi-academy trust (MAT) trustees may also want to compare their level of 'top slice' to other MATs, what it is used for, and how it provides value for money for member academies.

9. School improvement plan priorities and the relative cost of options

The budgetary process sits firmly within the strategic leadership framework, and should link into the overall management and planning cycle, rather than being seen as an additional activity that is the responsibility of the finance manager.

Questions governors might want to ask:

- are school improvement initiatives prioritised, costed, and linked to the budget?
- are all new initiatives fully costed before your school is committed to the proposal?

10. List of contracts with costs and renewal dates

Each year your school must review its contracts for all of its services to check which ones are due for renewal. Check that contracts are good value for money (VFM) and meet the school's needs.

Questions governors might want to ask:

- are all contracts due for renewal re-tendered/reviewed for VFM before renewal?
- are there any regular payments for services that are an invoice-only contract? Include all goods and services on a contracts list, including single-item and routine purchases, such as stationery. Check all suppliers are on contracts list, and review the overall list for value for money (VFM)
- are all contracts for the supply of goods and services captured and reviewed regularly on an up-to-date register?

See [DfE](https://www.gov.uk/guidance/buying-for-schools) advice about buying for schools (<https://www.gov.uk/guidance/buying-for-schools>).

You can find out about schools and other organisations offering training and support with financial management and efficiency on the school resource management: training and peer support (<https://www.gov.uk/guidance/schools-financial-efficiency-sharing-best-practice>) page.

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