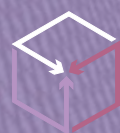


# A Growing Philosophy

How are Multi-Academy Trusts developing their operating models through centralisation?

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In July 2020, and in partnership with CJK Associates, IMP Software published a **Pooling Reserves and Budget Centralisation in Multi-Academy Trusts report**

Our findings, and subsequent discussions with MAT leaders, identified that the question is not so much about whether to centralise or not, but actually ‘how’ and ‘to what extent’. A gap was identified by Trust Chief Executive Officers (CEOs), Chief Operating Officers (COOs) and Chief Financial Officers (CFOs) around good practice and knowledge-sharing. There was a clear appetite for better, more in-depth, insight on centralisation journeys amongst this community.

We therefore commissioned further research with a small number of MAT leaders in autumn 2020 to explore how Trusts have developed their operating models in light of academy freedoms – specifically around GAG pooling and other forms of centralisation (financial and non-financial) to provide more efficiencies. We asked them about the operating model they had chosen to take (and the strategic drivers behind it), their views and experiences of implementation (what has worked especially well and they would repeat, as well as what has worked less well and what they would do differently if they did it all again), and the benefits and impact on their systems and the Trust as a whole.

*A Growing Philosophy: How are Multi-Academy Trusts developing their operating models through centralisation?* provides compelling insight on how Trusts in different UK regions and of different sizes are approaching this question, and with what effect. Significantly this report also identifies the importance of centralisation as a strategic choice, linked to the ethos and culture of any one MAT, and that it should be viewed as part of a bigger discussion than simply one about financial management and related processes.







## “THE GENERAL DIRECTION OF TRAVEL IS TOWARDS GREATER CENTRALISATION”

Multi-Academy Trusts (MATs) have come a long way in recent years and there are a growing number of Trusts that have started the financial centralisation journey. The Kreston Academies Benchmark report, published in January 2020, highlighted that larger and more centralised MATs are operating more efficiently and with lower average surplus/deficit, which suggests that economics of scale are beginning to be realised.

I have personally been working within the MAT sector since 2010, at which point centralisation was quite a controversial subject, particularly as academisation (convertor academies) was portrayed as ‘breaking from the shackles’ of local authority

control. There were a handful of Trusts back then that had gone down the centralised route and most of these were MATs that were formed as a sponsor to support failing schools and often had a commercial CFO designing the blueprint for the Trust operating model.

Indeed when I first started to implement finance systems into education, fresh out of the commercial sector myself, I just assumed that a centralised approach would be the way to go. My first two MATs were implemented with a fully centralised system which, at the time, neither myself nor the customer fully realised just how unusual this was. There were some challenges with this approach, particularly around statutory

returns not ‘expecting’ this set-up, but overall proved a good move for the Trusts and is a structure that they have embraced ever since.

Ten years down the line, this is still very much an ongoing debate and a journey. The majority of MATs have centralised finances to a degree, the challenge being that each Trust has chosen a different path and worked in a different way to achieve things. I am not aware of many MATs that are completely at either end of the spectrum; so they are either fully devolved to schools or fully centralised, and most are actually somewhere in between, but the general direction of travel is towards greater centralisation.

At IMP, and in my previous role where I was responsible for product at PS Financials, we are often asked questions around how to centralise, along with what the staffing and central charge model should look like. But the reality is that every single example we see is different and there is no one-size-fits-all approach, or a blueprint that can be followed to increase the effectiveness and efficiency of an organisation. This report is designed to shine a spotlight on the varied approaches out there, which will give other Trusts some ideas around how things could be achieved within their own organisation, with their specific context, culture and values.

In addition to the mechanical elements of centralisation, one of the greater challenges (and the element that we get asked about most frequently) still surrounds people and culture. This question cannot be answered by finance alone so, as well as practical system elements of centralisation, this report also seeks to shine a light on these softer, yet crucial elements also, in order to help readers to understand the approaches that have worked elsewhere and, more importantly, elements or processes that have not.



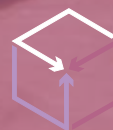
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# STRATEGY INTO PRACTICE



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## “THE QUESTION AROUND WHAT IS CENTRALISED, HOW AND TO WHAT END, IS ONE THAT IS PERTINENT”

“I often talk about inflection points – the point where we cannot keep doing what we have been doing or the model fails. I am not sure this concept is well enough understood within the Trust sector. Trusts need to be aware of inflection points in their growth journey. For example, centralising operational functions may be one way of preparing for growth. The question around what is centralised, how and to what end, is one that is pertinent across the sector.”



In many ways, this opening reflection from **Leora Cruddas, CEO of the Confederation of School Trusts** – the national organisation and sector body for school trusts in England advocating for, connecting and supporting executive and governance leaders – underlines the challenge facing MATs in the development of their operating models through centralisation. For some Trust leaders interviewed for this report, centralisation was decided from the outset or at an early stage in the MAT's journey; for others, it has become a change management programme as the Trust has grown and evolved.





**Dartmoor Multi-Academy Trust**, which comprises 16 primary and secondary schools, is one of those Trusts which centralised from the point of formation in 2018.

“Having previously operated 11 of the schools as two federations with pooled budgets, the Trust took a collaborative approach from the outset and we held the view that whilst it would be painful we should centralise as much as possible so it would become less of an issue in the future,” said **Chief Finance and Operations Officer Susanne Kiff**. “Fully centralised finance, and partially centralised HR and estates, teams have provided an excellent service and this has highlighted things for us to question strategically and look at spending within our schools. We have already focused specifically on procurement and MAT-wide contracts, which generally bring savings.”

Whilst the Trust has 5,000 pupils and 750 staff, its provision includes a mix of

rural schools with some having less than 100 pupils on their roll, meaning there is a constant challenge to ensure all schools have sufficient resources. “In summer 2020 we had an independent review of the MAT and the recommendation was to centralise more,” Suzanne revealed. “We have changed our way of working a couple of times already at Trust level, but when colleagues move on there is always the opportunity to stop and pause and think about what is working well or what you might do differently. The review found that the overwhelming majority of those consulted were advocates of more centralisation. The Heads want to focus on teaching and learning, and improving outcomes for the children, rather than dealing with issues such as catering contractors and health and safety insurance.”

**Bath and Wells Multi-Academy Trust**, consisting of 33 schools, was another early adopter of centralisation.

“When we first started the MAT we discussed what we wanted to do with our central team – which was essentially to provide key strategic resources to the Heads as one – and what to keep at individual school level,” explained **CFO Jason Brown**. “A Diocesan Trust is a little different, purely as it is not born out of a particular school, so we had a blank sheet of paper. I was the first person appointed by the Trust – actually the first two people were qualified accountants –

and this was before our first schools joined. We had no pre-conceptions or being wedded to particular software, we looked at our operations and structure, and decided upon the most rational and efficient way to do them. We refined this when schools began to join, but generally, finance was centralised so it could all be recorded and reported – and we could therefore support schools with that – and later areas such as HR advice, health and safety, IT and school improvement followed.”

It is a similar story at **Aspire Academy Trust**, which started with one standalone academy in 2010 before forming a three-school MAT in 2013, to now having 28 primaries.

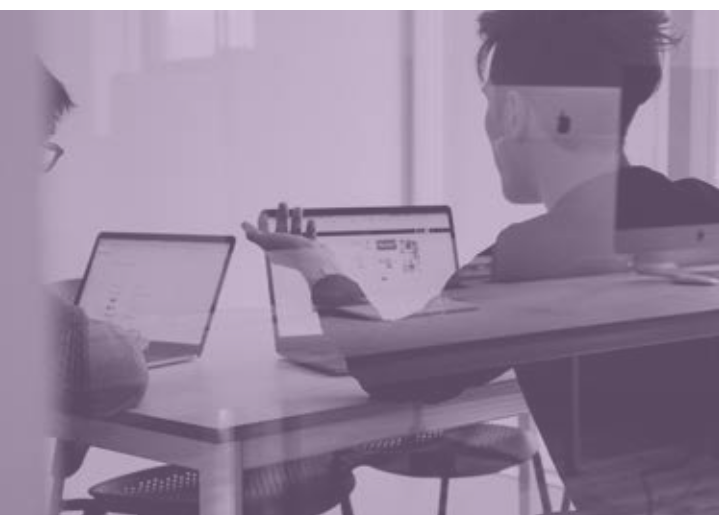
**Operations Director Tim Hooper** said:

“From the outset, the Heads of School have been empowered through the Trust ethos to focus on teaching and learning and our core services team (spanning Finance, HR and Wellbeing, Governance and Academy Improvement Group AIG, Academy Administration, IT and Communications, Premises, Health and Safety, and Catering) have provided background operations, led by our core services managers.”

**Jonathan Bishop, CEO of Cornerstone Academy Trust**, outlined the strategic rationale for centralisation in his four-school MAT which he has championed from the start:

“I have often said my model is very simple because we are actually one school and four campuses. In my view, it is about looking at the services you want to offer, and targeting them appropriately to where they are needed in the Trust. We have shared responsibility. It makes absolute sense to share everything, to pool everything, and there is nothing that says ‘we built this up over years, this is ours’. You cannot be part of the family and then say, for this matter, you do not want to be part of it – you are either in it or you are not.”

He continued: “If what you are going to do is top slice and have a centralised team sitting in an office issuing directives, you can get a real divorce of that central vision to the implementation and the local autonomy of Headteachers. It is about leadership and vision, not money. When you start looking at that consistency and quality of education, the driver for me is not to have a group of disparate schools almost trying to replicate a local authority model as was, but more that united approach to education. If that is your core vision and driver to facilitate that, you actually start looking at the biggest part of your budget – which is staff – so you want to create staffing structures which are how you go about delivering that.”



At the 60-primary school **REAch2 Academy Trust**, a degree of centralisation has been developed under the leadership of **COO Katherine Alexander**.



“I have been COO at REAch2 since January 2018, having previously been Finance Director and Head of Finance from when I first joined the Trust in August 2014, and it was in these roles that I also helped set up Reach South and REAch4 (now Astrea Academy Trust),” she explained. “When considering the systems and structures, it was clear to me that centralisation early on would assist in generating economies of scale and cost benefits, but by the same token common models were being used across a number of other MATs. Within REAch2 having common systems in every school is possible; however, a fully centralised model is challenging and not the direction of travel we are moving towards at this point in time.”

For **L.E.A.D. Academy Trust**, which has 25 academies in the East Midlands, centralisation is ongoing.

“We do not talk about centralisation along the lines of most Trusts – what we have done is centralise and standardise our business support functions, assessment, capital, systems, licensing and procurement, which were quite significant in terms of impact early on during our phased growth journey,” revealed **Deputy CEO Bobby Thandi**. “Consolidating our contracts alone led to significant savings in the early days, and has continued to generate on average 1.5% of financial efficiencies. However, when you do that in a Trust from the start, it can be easy to lose sight of the traction you have made and schools can lose sight of why we are saying they have to follow a certain route. So what I am interested in is how we can quality assure the support we are providing to academies.”

Elsewhere, a major driver of centralisation at **Academy Transformation Trust** was the arrival of a new finance lead who inherited a £4.1 million deficit and is currently working through a recovery plan, which has included the implementation of GAG pooling.

“We had already changed our budgeting models, with academy principals given oversight of education spend only and operational spend sitting under operational directors, but the decision to centrally collect funding and allocate according to need in 2019-20 was a further milestone for the Trust,” said **CFO Peter Wilson**. “We felt this was required because our academies operate under 10 local authorities, with different funding levels for primary and secondary schools. Some academies were really struggling, others were doing better financially, so GAG pooling across the Trust gives everybody that even keel.”

# DEGREES OF CENTRALISATION



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# GAG POOLING

## 18%

OF TRUSTS SURVEYED POOL ALL THEIR GAG FUNDING

AND A FURTHER

## 27%

WOULD LIKE TO

## 29%

OF THOSE TRUSTS POOL ALL THEIR RESERVES

AND

## 23%

WOULD LIKE TO

► One of the most vocal advocates of GAG pooling is **Peter Wilson, CFO of Academy Transformation Trust**. A £70 million income business, this 22 academy trust – 10 primaries, 10 secondaries, an all-through school and an FE college – implemented GAG pooling and pooling of reserves last year. “The key objective was to operate as a MAT should, which is as one entity,” Peter said.

“As we span 10 local authorities, with funding varying significantly, that is providing inequality to each of the academies. GAG pooling was needed to redistribute funding fairly and help with monitoring and comparisons across the Trust. You need to get people on board and onside, and the biggest thing is trying to get Principals and local academy committees to understand that we are one MAT and the fact that one academy might have reserves is irrelevant if the whole Trust does not.”



He continued: “We took a three-pronged attack. We changed the budget model and introduced GAG pooling. Alongside that, we changed the finance team structure – we created an educational finance expert team and an operational finance expert team, just to mirror the budget model. We then had to change the systems in terms of reporting – you find the standard academy report has everything on it, from teacher costs through to estates and ICT, so for us it was about refining those reports so the Principals get what they want and operations staff get what they need.”

The Pooling Reserves and Budget Centralisation in Multi-Academy Trusts report, produced by IMP Software and CJK Associates in July 2020, found that 18% of Trusts surveyed pool all their GAG and a further 27% would like to. It also revealed that 29% of those Trusts pool all their reserves and 23% would like to. A number of MATs interviewed for this report have taken the strategic decision to adopt GAG pooling, which appears to feel like the final natural step of the centralisation journey, but is another very general term where the practical applications vary. These range from a fully centralised funding model, where the funding may or may not be re-allocated back to the schools, based upon a formula, need or a mixture of the two; or a broader position where all reserves are pooled at Trust level, yet schools still receive the funding that is due to their setting. Whilst the term and textbook definition is a straightforward one, the reality is that culture, values and context will often drive what GAG pooling means to each individual Trust.

We also had an issue with our former budgeting software provider. Trying to get our budget model to work within that was not happening, so we changed provider and now have a system that works very well. If there are changes in our operational spend we can feed that through the model and it changes the Age-Weighted Pupil Unit (AWPU), and therefore also revises the educational budgets.”



▶ “You have got to see what the motivation is behind doing GAG pooling,” explained **Jonathan Bishop, CEO of Cornerstone Academy Trust**, which has adopted this within its approach to centralisation. “If my motivation is to give the best to every child in the Trust, then the distribution of the money is on a needs basis. I have three children in my family, and I do not necessarily buy each child the same thing at the same point every time. We look at who needs what when they need it, and of course, the fairness is not a fair distribution of money. It is the fairness based on the need at that point in time for the good of the family. I am much more interested in the Trust than the individual schools. Our model has been to pool everything – there is nothing that is not pooled. It is more than pooling my budgets, it is about pooling the talent base from the staff and getting them to work collaboratively. In the current environment, and in a virtual and blended world, I think that some of the decisions we made together around pooling our GAG, getting that central buying power and shared resources – human or physical – have stood us in really good stead.”

▶ **Bobby Thandi, Deputy CEO at L.E.A.D. Academy Trust,** outlined his Trust's approach to financial centralisation, which also includes GAG pooling.

“With finance, we have a hybrid approach, in that we have retained the school business manager model but the Trust is developing these individuals in their roles,” he said. “The added value of having managers in the academies is the relationships with the Heads and alignment to the vision and values of our organisation, but we are looking to improve all the time. The year-end accounts remain with the central team and we have external auditors camped at our Head Office. We have a lot of core contracts too – for example, insurance and broadband – but we will not centralise for the sake of it. Our commitment is to remove as much administration as possible in terms of volume at a local level, whilst enabling these business managers to lead on certain aspects.”

He revealed: “With a £60 million Trust annual spend, when you take away central finance and operations costs as well as salaries and top slice, only 10-15% of that remains with the academies. Centralisation is also about changing the culture – doing the best thing for the organisation – so we have taken the decision to centralise

our bank account, whilst still giving sight and process locally. We have pooled our GAG and therefore taken away the uncertainty over funding. The National Funding Formula (NFF) will come, and in our case there is a lot of volatility in that 10 of our 25 academies are based in Nottingham which currently has the highest funding per pupil outside of London. There will be a ‘level down’ at some point and it got to the stage where we felt we needed to take control of the NFF and ensure there is no negative impact on our academies. We are protecting all our academies so that each of them know what funding they have for the next five years.”

Bobby added that, in theory, the Trust could have funds to allocate with AWPU in future years and “therefore be in a really secure place”. He said: “Linking to reserves, each academy has a target to get to which is unique and contextualised in terms of their circumstances, and this ranges from £50,000 to £300,000. Hitting these targets will enable the academies to continue operating within the Trust's financial framework.”

**“CENTRALISATION IS ALSO ABOUT CHANGING THE CULTURE – DOING THE BEST THING FOR THE ORGANISATION”**



▶ At **Aspire Academy Trust**, **Operations Director Tim Hooper** explained how barriers around the Trust's initial finance model meant they recently changed the lines of delegation and moved towards an increased amount of budgetary responsibility to the core services team.

"We felt that GAG pooling was more appropriate to meet the needs of all schools across the Trust as it is more in line with our organisational ethos of being all in it together," he said. "All schools contribute to these budgets, including an academy improvement budget, which is overseen by the AIG, who use the intelligence gathered via many Trust indicators to prioritise resources across the Trust, according to need and required support. Schools have always contributed a percentage of their GAG income to the Trust and this increased as more core services were added, but the final step is the GAG pooling financial model we have implemented from this year."

He continued: "We trialled it last year, and have made tweaks as a result, and there has been a gradual approach to discussion on finances with schools but this move has cleared up any previous uncertainty around delegation of responsibility on pooling of GAG and reserves, which now sits with our Board of Trustees rather than individual schools. Whilst all of our schools are based in the same region and we share the same NFF, there are a lot of discrepancies within that, so this reflects the needs across the Trust rather than schools directing resources. All finance income and invoicing now goes through the central finance team. We are clear that Heads of School have responsibility for teaching and learning and our core services teams work closely with all of them to ensure they benefit and meet the needs of their school within available resources."

▶ **Dartmoor Multi-Academy Trust**, meanwhile, is moving to a "GAG pooling way of working". The Trust's **Chief Finance and Operations Officer Susanne Kiff** said: "This gives us the opportunity to become more flexible and, for instance, use this approach to focus on schools which may have experienced a dip in outcomes and use our funding to resource an extra teacher or move another teacher across from another school if needed. It is about the ability to support schools as needed, and that need may change from year to year, with different schools requiring a focus. The target deadline to move to our new vision of centralisation is September 2021. I am hoping that there will no need for a conversation around top slice or central recharge going forward. Additionally, that once we have deducted finance, IT and premises costs then the rest will be divided or given out to schools – and that Heads will also tell us what they need to support their education and curriculum."

▶ **Leora Cruddas**, CEO of the **Confederation of School Trusts**, added: "I have no problem with GAG pooling as a concept, especially if there are different funding settlements across boundaries within a Trust, and providing it is motivated by the principle of creating a single organisational culture as well as fairness and equity. This philosophy is appropriate for a Trust with any number of schools – what is key is feeling a strong organisational identity, one that is much more inter-connected. It is important to set the educational and organisational philosophy early on in the Trust's journey and the culture will be stronger for it. When this is done effectively we have seen evidence of clear impact on educational outcomes, underpinned by strong finance and operations."



# OTHER DEGREES OF CENTRALISATION

▶ “As a Trust, we have deliberately decided not to introduce GAG pooling,” said **Katherine Alexander, COO of REAch2 Academy Trust**. “With the implementation of the NFF, and with the geography of our schools spanning a 200-mile radius across the country, there will always be schools that are more financially challenged than others and as a MAT we are able to assist here. The consideration of introducing GAG pooling is something we have explored with schools and Trustees, and it remains a hot topic, but is not something we are looking to introduce. Turning to reserves, we have implemented a policy which will see every school achieve ‘core’ reserves (7% of total GAG income, which equates to £5 million in total). This would only be accessed in the most critical and exceptional circumstances. At present, we have schools with reserves totalling 14% of their GAG, and others with nothing. Once the 7% is achieved we work with the school on investing their reserves and contingency budgeting.”



▶ GAG pooling is also not a path currently being taken by **Bath and Wells Multi-Academy Trust**.

GAG pooling. Our finances have been stable and secure, but every year the graph shows a slow downward trajectory on reserves so we are considering our options. We operate across three different local authorities that have slightly different funding elements. There are still historical differences, even with the NFF, with one school gaining an extra £190,000 last year and other schools nothing.”

Jason added: “There is a fine balance between control and giving schools autonomy on the curriculum, but we wanted to make centralised approaches as effective as

possible and schools were accepting of that. There is no point, for example, in having 33 different people reconciling a bank account when they do not have that expertise and we can manage that for them. We are guardians of finance centrally, we work with the schools to develop their budgets and schools raise a purchase order and allocate invoices, then we do the rest. Our team consists of half management accountants who provide advice to the schools and the other half who look after technical aspects, tax, suppliers, finance system and internal auditing. The balance that we bring seems to work for all the Heads.”

“When we talk to schools which are interested in joining the Trust we speak about ‘top slice’ in terms of a 5% retention of funding for statutory and regulatory responsibilities and central support and 95% delegated to the schools,” explained **CFO Jason Brown**. “We have not yet gone down the route of



► **Confederation of School Trusts CEO**  
Leora Cruddas said:

“As Trusts grow they often look at centralising the finance function first. This is a hard process as the legacy management is with the schools. Money is a sensitive subject, of course, and whilst schools may have self-managed very sensibly for years, in a Trust structure things are different and they need support to understand why changes are necessary. There is a governance implication too – and this is often overlooked – that if the Trust takes a centralised approach to finance it no longer makes sense to delegate financial management to local governing bodies. This would be the stage where the school is no longer responsible for its money, the responsibility is the Trust’s, and that is often left out of conversations about centralisation. Centralisation more widely is less developed. Strategic HR is rarely used to drive conversations at Board level about talent management and building professional pathways but this is particularly important as the Trust grows. Even less likely is centralisation of educational approaches. It is less common for Trusts to have one approach to the curriculum. However, the philosophy underlying the curriculum and pedagogy, is core.”

# ORGANISATIONAL IMPACT



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▶ “As a result of our move to centralisation, we have seen some good school performance and Ofsted data improvements, and in the main freeing up Heads of School to focus on the children has been successful. We have seen joined-up approaches and intelligence sharing, which has fed into academy improvement reporting, and during Covid-19 the schools have all benefited from consistent communications and approaches to health and safety which they would not have had if they were not accessing core services. We have had some really positive feedback from Heads of School around that. We feel we have a comprehensive centralised offer for schools in line with the core function of the Trust.”



The perspective of **Tim Hooper, Operations Director at Aspire Academy Trust**, is one echoed by all Trusts which have developed their operating models through centralisation and, in this case, GAG pooling as the final step of centralisation.

## “CENTRALISATION HAS IMPROVED ALL OUR SCHOOLS”

▶ “When I reflect on the impact for our Trust, oversight is probably the biggest thing,” revealed **Bath and Wells Multi-Academy Trust CFO Jason Brown**. “It is hard to be efficient if you do not have oversight. A single finance system is really important. It means auditors can easily access our finances, speak to one person only, and keep regulatory visits light touch because they have all the information we need. One budgeting and forecasting system that saves literally weeks of work every year is also a saviour. Ultimately centralisation has enabled us to do things really efficiently – in terms of efficiency of work – and

avoid having to recruit more people for manual consolidation work. We have 33 school business or school office managers, so the more things we do means they have more time and opportunity to support other areas within school. It is about getting the right people with the right skills doing the right work.”

He continued: “Generally, I think centralisation has improved all our schools. Having finance, HR and other functions managed for them takes away a big worry and if there is any problem people can come to us and we will come up with the solutions. They are not working alone, and that

counts for a lot, as it also means they can prioritise teaching and learning. In five to ten years’ time I think all MATs will be doing things this way but the journey they are on depends on where they start. There is no route map, and I would question the extent to which even large Trusts have mastered this yet. Sometimes centralisation is done for the wrong reasons or the benefits are not articulated as well as they could be. Some will always see centralisation as taking away autonomy, but the message of having one organisation for all pupils and providing the support they need is really one we all need to be recognising.”



▶ “Now that the funding is fair across each academy, it has enabled us to compare performance financially on an even playing field,” explained **Peter Wilson, CFO of Academy Transformation Trust**. “What it has also done, because we have aimed for the educational budget to be zero (with individual academies being in deficit or surplus), we can actually see a story behind the numbers. For example, we have a primary that has gone into deficit for 2020-21 because they are a growing school with relatively small pupil numbers but they have had to employ a new teacher so we know why. There was also a requirement from the Trustees to have clear and unambiguous lines of accountability, and actually moving to a model where we have education and operations spend centrally has achieved that. Previously, for example, we were finding that Principals were setting up educational software for themselves without being aware of the Trust-wide position. The move is going to improve our financial capabilities, and we want to be seen as best practice across the MAT sector.”



**“MORE  
MONEY TO  
BE DIRECTED  
BACK INTO  
CLASSROOMS”**

▶ “We have already experienced cost savings (procurement and staff) through our previous approaches to centralisation, but what I would say to others is these benefits are not always immediate, and some expect them to be,” said **Dartmoor Multi-Academy Trust Chief Finance and Operations Officer**

**Susanne Kiff**. “Within our new approach to centralisation I would expect more money to be directed back into classrooms: this is the ultimate success measure for the Trust. Additionally, greater efficiencies will increase economies of scale and potentially lead to us being able to support more schools.”



▶ **Jonathan Bishop, CEO at Cornerstone Academy Trust**, added: “You start to get into very infrastructural conversations when you start talking about pooling resources – and that, for me, is where we are starting to see those real benefits. “And behind that is ‘big’ procurement – IT, or any of the services you run – if you are going to procure you want to procure those services Trust-wide once, not ten times over. You then really get into those efficiencies once you start looking at what you are going to pool.”

Reporting also “gets a little bit easier when you pool”, Jonathan admitted. “At that top level you are not needing to examine more and more schools depending on the size of your MAT in terms of income and expenditure. We do monitor, in particular, certain services that we are running. For example, our own dining service, a small bus service, a breakfast and after-school club service, as well as nurseries so there is quite a lot of income that comes from people buying sessions on top of their funded places. When you look at that idea of parent contributions or payments, you actually start to get a growing proportion of your income that is not from GAG but from trading. You have to start analysing the performance of those entities. We are still running it as one centralised service, so what we are doing is tracking the income and expenditure, and reporting on it, and of course we want to look at that at school level. But when you then report overall it goes into the report as one service as opposed to which one is performing better than the other.”

► **Katherine Alexander,**  
**COO of REAch2**

**Academy Trust,** said:  
“REAch2 has always had a huge focus on operating more efficiently – for us, this is about ensuring every pound of taxpayers’ money is focused on supporting exceptional opportunities for learning. We have seen improvements along the way, and it is an ever-evolving practice – the job is never ‘done’ so to speak. There are some areas where there are clear benefits, such as pensions, where we are introducing a common approach across the Trust. Beyond this, our main focus is on the low-hanging fruit where we feel we can provide greater efficiencies across the Trust and, most importantly, reduce workload for our schools. Recent changes to our organisational structure

have helped make this focus more deliverable. We have now moved from four regions to a cluster model (up to eight schools) and will synthesise roles when opportunities arise to take a more strategic and joined-up approach. Our model provides more localisation at school level and give us some economies of scale, and as a result of this way of working, we have already seen schools sharing resources and pooling funds.”

She added: “REAch2 judge the success of what we do in terms of achieving greater efficiencies and having the systems in place to give exceptional opportunities for learning. As a sector, the growth of the academies movement means that



a number of MATs have expanded very quickly over a short time and been able to achieve educational outcomes. However, this excellence has not always been the case operationally, which has been the poor relative and now we are all playing catch-up. REAch2 is in the same position as everyone else, we are just at a different point in our trajectory.”

## “AN INTERCONNECTED WAY IS MORE LIKELY TO ENGAGE COLLEAGUES”

► “The Trust sector is ‘emergent’, heading towards maturity, but there is a lot of learning to do,” concluded **Leora Cruddas, CEO of the Confederation of School Trusts.** “We sometimes see Trusts being developed with a local authority maintained school mindset – no core identity, no core philosophy of education. For many, centralisation is a really scary word. It implies a corporate top-down control, when what we are talking about here is developing an organisational culture that is interconnected and creates professional reciprocity. Discussion around the creation of a single organisational culture within a Trust, if delivered in an interconnected way, is more likely to engage colleagues. If we have a single organisational culture there cannot be different finance or HR systems.”

# ADVICE AND GUIDANCE



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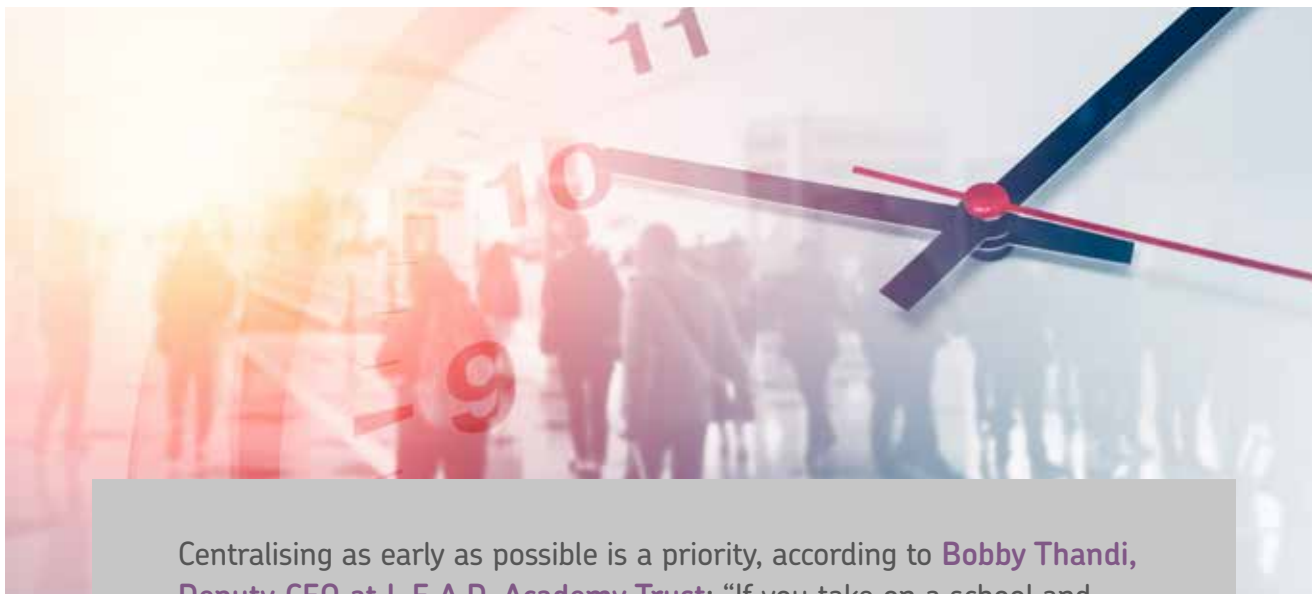
Having been through, or being in the process of going through, the development of operating models through centralisation, the MAT leaders interviewed for this report are well placed to share their learnings – what has worked especially well and they would repeat, as well as what has worked less well and what they would do differently if they did it all again – with other Trusts which may be embarking on a similar journey.

## “THE CLARITY BROUGHT ABOUT BY CENTRALISATION HAS CERTAINLY HELPED US”



The importance of setting the vision and being clear on the direction of travel, was emphasised by a number of MAT leaders. “My advice to other COOs or finance directors thinking about developing their operating models in light of academy freedoms is two-fold,” said **Katherine Alexander, COO at REAch2 Academy Trust**. “Firstly, look at what is needed in three to five years, not the here and now, and the systems required to provide you with that support. Secondly, set realistic timeframes for implementation. For example, an important step for us was to procure a common pupil management information system for all schools. We undertook an extensive procurement exercise, and 18 months on from that implementation has completed but ongoing work with schools on training staff remains a key priority.”

**Tim Hooper, Operations Director at Aspire Academy Trust**, agreed: “My advice to other Trusts embarking on this journey is to be clear on what you want to achieve, be clear on your delegation of responsibility and be clear on your schools’ responsibilities within the MAT. Every MAT will need to decide on the best way forward for them, and so it depends on the ethos of the Trust and attitudes to joined-up approaches and shared resources. If that ethos is not there, there is no point in exploring GAG pooling because the schools will not receive the benefits. This is a MAT-led decision but one that schools could see the benefits of introducing following them working in the Trust for many years. We are already starting to see economies of scale and benefits on procurement, especially for estates and IT, and the clarity brought about by centralisation has certainly helped us. We are not afraid to say we are still learning and fine tuning what works as well as what does not.”



Centralising as early as possible is a priority, according to **Bobby Thandi, Deputy CEO at L.E.A.D. Academy Trust**: “If you take on a school and go on to improve, grow and sustain it, why should we not do the same with business functions in the centre? We are here to support schools on their improvement journey, educationally and operationally. My advice to others starting out on centralisation – and it does depend on the size and vision for the Trust – is to map and activate a set of core functions as soon as you can at the beginning because it is much more complicated and harder to do further down the road. I would also specifically recommend keeping the year-end process in the centre.”

**Susanne Kiff, Chief Finance and Operations Officer at Dartmoor Multi-Academy Trust**, concurred: “My advice to anyone starting this process is to centralise from the outset.”

Early, and effective, communication is a must. “We recognise the need to bring people on the journey with us, so effective stakeholder consultation and communication is vital to ensure our schools are on board early on and sell the benefits to peers has been an important approach,” **Katherine, from REAch2 Academy Trust**, said.

## “CENTRALISE FROM THE OUTSET”

Speaking specifically on GAG pooling, **Peter Wilson, CFO of Academy Transformation Trust**, added: “Early communication, bringing Principals on the journey from the start, if you can do that it is a relatively easy thing to implement. It means Principals no longer have to worry about those elements where they have a lack of or little expertise. I would not teach a lesson, so why should a Principal be buying software just for them or look after the premises cost? It does not make sense. Let us use the experts in those areas to manage the budgets.”

Sounding out other Trusts about their experiences (and keeping that discussion going) was also encouraged. “If I was working in a brand new MAT I would be speaking to other Trusts which have been or are going through these decisions on centralisation,” said **Jason Brown, CFO at Bath and Wells Multi-Academy Trust**. “I would also be asking incoming schools to change their systems at the start. It is much

harder to make changes later in the cycle when you have 20-30 schools – you are looking at a year-long project there. Let schools make the small changes when they join but have the vision and structure already set. We have also seen with IT, for example, that schools have been using different suppliers meaning a great variation in systems bringing inefficiencies. Setting up a single bank account is also a lot easier with no

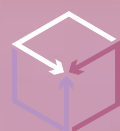
schools. The benefits of centralisation tend to be for larger Trusts – but it is still better to have the centralised expertise in place than not. Whilst you may not see the benefits in that straight away, this is also about future proofing. It is harder for small Trusts to have open and honest conversations around longer term planning because some Trusts may not want to grow or keep as much autonomy as possible.”

“Centralisation is do-able in any size Trust”, suggested **Susanne Kiff from Dartmoor Multi-Academy Trust**. “In the federation of schools I worked in previously we only had four schools but benefited from centralised budget, IT and estates. A lot of what we did there I have replicated here, and generally I think these things are achievable whether you have two schools or 70 schools. There has to be a discussion on centralisation – and it has to be the way forward. MATs are subject to changes in internal auditing, not just finance but areas such as health and safety and safeguarding, and they are seen as businesses not schools. We have a duty to educate children and spend public funds properly. It is no longer a question of whether to centralisation or not, it is how.”

**“MAINTAINING  
RESOURCE LEVELS  
FOR TEACHING AND  
LEARNING HAS GOT TO  
BE THE ULTIMATE GOAL”**

Returning to the principle of quality assurance of any centralised service or function as an indicator, **L.E.A.D. Academy Trust’s Bobby Thandi** said: “Whether we are fully, partly or somewhere in-between in terms of effectiveness is something we are looking to develop and measure. We will trial ways to measure the service we bring to make sure we are delivering a continuous improved level of support for our academies, and so we have an evidence bank to inform decisions we make about supporting professional development. Overall, if we can increase the efficiency of the central services we provide then we have the capacity to support more schools – more schools means reducing the top slice, which then means greater economies of scale and buying power. Maintaining resource levels for teaching and learning has got to be the ultimate goal for us all.”

# CONCLUSION



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In many ways the title of this report, *A Growing Philosophy: How are Multi-Academy Trusts developing their operating models through centralisation?*, encapsulates the movement in the sector for more Trusts to embark on such a journey.

The term philosophy, in particular, is indicative of an increasing approach in the MAT sector to see centralisation as a strategic and cultural choice linking back to the ethos of any one Trust. It is emerging as an organisational strategy, not through an isolated financial project. As Leora Cruddas says in this report: “The question around what is centralised, how and to what end, is one that is pertinent across the sector”.

A consistent theme that ran throughout our interviews with MAT leaders was that whilst centralisation can still be a controversial topic, which Trusts can be hesitant to address, schools within the Trusts that we spoke to appear to be supportive of the process. This is due to their involvement from the beginning and their belief in the wider purpose of the strategy, which is further supported by the benefits being felt at school level, as they are pushed back to the frontline to support the teaching and learning.

Systems and procedures have stood out in a number of the interviews and, as a systems provider ourselves, we would be of course suggest that systems are a key component of the journey. However, systems cannot be used in isolation, and systems should not lead the strategy. With all of the interviews that referenced systems, these were clearly used to help implement the vision, which was already established and communicated to all stakeholders, not the other way round. Therefore a MAT’s systems strategy needs to ensure that core tools are able to evolve with it throughout the Trust’s journey to support the implementation. If systems cannot cope with the transition or the end goal, a systems review becomes very much part of the process after the vision has been set.

GAG pooling is often interpreted as one of the more explicit outcomes of centralisation. The *Kreston Academies Benchmark 2020 report* found that whilst the level of interest from MATs in GAG pooling is growing, it is proving harder to establish and few Trusts have adopted this approach. What we have seen in this report, albeit through a snapshot of MATs, is that GAG pooling is implemented at a representatively high scale so we expect this to start showing in the data over the next 18 months, with many adopting it from September 2020 or 2021.

Trust leaders interviewed for this report have provided evidence of the impact of financial (and wider) approaches to centralisation as they evolve or grow. Some common learnings have been provided for other MATs embarking on the same journey. A core philosophy appears to be the most fundamental requirement for success.

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**“THIS SYSTEM IS A GAME-CHANGER”**

**“THE SYSTEM IS EXTREMELY POWERFUL,  
IT AUTOMATES MUCH OF OUR BUDGET  
LINES AND PUTS US AS THE MAT  
FIRMLY IN CONTROL”**

IMP Software has developed a budgeting, forecasting and reporting solution specifically for use by Multi-Academy Trusts (MATs) which, as of the start of the 2020-21 academic year, has been implemented by 40+ Trusts across 500+ schools.

40+

TRUSTS

ACROSS

500+

SCHOOLS



We are the only provider to take a single database solution to market that is adopted by the entire Trust, rather than the traditional approach of an aggregation of individual school datasets. The solution, IMP Planner, is not a school system with MAT functionality added on top – as is the case with our ‘competitors’ – it is a Software as a Service (SaaS) based solution which provides an integrated platform for storing a MAT’s core budgetary and financial data.

This data is used to drive future forecasts, whilst also factoring in and enabling ‘what if’ scenario planning on a host of potential drivers which can impact the viability of these MATs e.g. funding changes, pupil cohort changes, pay value and condition changes, capital programme management, Covid-19 and trading activities, whilst simultaneously ensuring they have effectively allocated resources by using IMP’s internal and external benchmarking tools. The IMP Planner product itself sits between a MAT’s core business systems, extracting and combining disparate operating data, giving the Trust (and its leaders) the whole picture across their schools.

## IN SUMMARY, IMP PLANNER IS A UNIQUE LEADERSHIP AND MANAGEMENT SOLUTION BECAUSE OF OUR:



### MAT-first functionality

IMP’s system is focused on facilitating a ‘top down’ approach to financial management, not a ‘bottom up’ aggregation of disparate systems.



### MAT forecasting

Forecasting is an iterative process that drives the financial management of a Trust, and IMP facilitates this by providing a combined forecasting and budgeting approach across all schools.



### MAT reporting

IMP is the central system that combines the data from a MAT’s core systems, and the richness and accessibility of this data transforms analysis and empowers informed decision-making.

## HERE ARE SOME 'LIVE' EXAMPLES OF OUR WORK WITH, AND IMPACT ON, A RANGE OF MATS:



Peter Wilson, CFO

### **ACADEMY TRANSFORMATION TRUST**

“We needed something other than a school budgeting software with MAT reports stuck on top. It is the different approach brought by IMP Software that we really value – the ‘top down’ rather than the ‘bottom up’ – and it gives us detailed cross-MAT information on budget lines that we did not have before. The expectation is that this software will further support our MAT budgeting and reporting, enabling even more effective analysis across the Trust. I see IMP Planner as a development for the sector.”

[www.impssoftware.co.uk/case-studies/academy-transformation-trust/](http://www.impssoftware.co.uk/case-studies/academy-transformation-trust/)



Jason Brown, CFO

### **BATH AND WELLS MULTI-ACADEMY TRUST**

“We were at the stage where we needed to update the National Joint Council pay scale across 30 different databases, which in itself would have been a mammoth task. As IMP can share payscales across multiple schools this change only had to be entered once, which meant it is much quicker and therefore allows far less scope for error. This system is a game-changer – the market has simply not kept pace with the emergence of MATs, so a system that is specifically designed to meet the needs of a MAT has got to be worth looking at.”

[www.impssoftware.co.uk/case-studies/bath-and-wells/](http://www.impssoftware.co.uk/case-studies/bath-and-wells/)



Graham Newbery, Trust Business Manager

### **CORNERSTONE ACADEMY TRUST**

“We used to have to do separate Excel budget sheets, including complicated, time consuming, and at risk of human error staffing budgets, but now IMP is the backbone. There is no doubt, 100%, that IMP Planner will make a difference to our efficiencies in the long-term. It is already saving me time, simply because it removes the chance for human error, and over time it will help us to save money too. What I really like is the way IMP Software adapt, alter and improve aspects, and involve customers in the process.”

[www.impssoftware.co.uk/case-studies/cornerstone-academy-trust/](http://www.impssoftware.co.uk/case-studies/cornerstone-academy-trust/)





Susanne Kiff, CFO

### **DARTMOOR MULTI-ACADEMY TRUST**

“I have used most of the budgeting systems available across the sector but they all share the same issues. They were designed as a school budgeting tool and, over time, have had MAT functionality layered on top. IMP Planner is different as it was designed specifically for centralised MATs and each school is part of the core, unified set-up. It represents a step change in the MAT budgeting space. The system is extremely powerful, it automates much of our budget lines and puts us as the MAT firmly in control.”

[www.impssoftware.co.uk/case-studies/the-dartmoor-multi-academy-trust/](http://www.impssoftware.co.uk/case-studies/the-dartmoor-multi-academy-trust/)



Vanessa Nolan, CFO

### **HULL COLLABORATIVE ACADEMY TRUST**

“Now I have a system which gives me the central oversight I was missing – and the ability for schools to input their own data – so I can easily see information such as GAG funding, Pupil Premium calculations and staff-per-pupil ratios. It pulls everything from our finance system and sends information back – the two effectively ‘speak’ to each other – meaning I can now see all the schools across the MAT and the same codes in the same place, which is important for accounts, invoicing and orders.”

[www.impssoftware.co.uk/case-studies/hull-collaborative-academy-trust/](http://www.impssoftware.co.uk/case-studies/hull-collaborative-academy-trust/)



Julie Lombardo, COO

### **INSPIRE PARTNERSHIP**

“Forecasting software that involves minimal input from users is not easily available – I held similar roles at 15 and 27-school MATs previously and I always felt that there was a huge gap. I needed to find a tool that would allow MAT reporting and forecasting to be done. IMP fills this gap and gives schools the opportunity to focus on managing the most important aspects of financial monitoring and budgeting. The team are always listening and taking things on board – the way they continually develop IMP Planner is phenomenal.”

[www.impssoftware.co.uk/case-studies/inspire-partnership-appoints-imp-software-to-support-mat-budget-forecasting-following-schools-expansion/](http://www.impssoftware.co.uk/case-studies/inspire-partnership-appoints-imp-software-to-support-mat-budget-forecasting-following-schools-expansion/)

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