

## Think Piece: Successfully managing multiple schools

This **think piece** is designed to support business leaders within Multi-Academy Trusts (MATs) to evaluate the merits of outsourcing or bringing the services they deliver in-house. The evaluation of service delivery is particularly beneficial as a MAT grows and the needs and expectations of all stakeholders mature.

The two broad options for service delivery in MATs are (1) Outsourcing and (2) In-housing, and the debate in the sector on this often revolves around the right balance between the two and the potential impact to those practitioners associated to the roles. This continues to be a sensitive area for school business leaders but one that must be considered pragmatically as we all look at ensuring excellence in our school resource management across the sector. We reflect upon the two options, detailing their relative benefits and costs, as well as our experiences and the analysis underpinning the approach we finally took.

### 1. Outsourcing

This is where services are procured from third parties with delivery managed via contract requirements and service level agreements.

Benefits	<p>Typically this option is easier to pursue than in-housing as within the education sector there are many providers for the services a school would need.</p> <p>Outsourcing offers the potential for a level of protection against rising costs, particularly if the contract is to run for more than two years. Often the higher cost of the service in year one is offset against rising base costs in following years.</p> <p>Outsourcing enables a school to immediately access expertise which may not be readily available within the existing management structure or recruitment market.</p>
Risks	<p>A MAT will need to clearly define the specification for the service delivery, including putting in place agreed performance indicators. As part of this, the MAT would need a deep understanding of how the costs of the services are constructed as these form the basis of the charges.</p> <p>MATs would also need to consider the type of expertise available to manage and oversee the contract, and also weigh carefully the risk of non-performance/under specification in the contract.</p>

### 2. In-housing

This is where services are delivered directly by employed staff, who are overseen by a management structure.

Benefits	<p>This option gives greater control over all elements of service delivery, particularly cost and quality. It also enables a level of tailoring and as such the school can have access to a bespoke and flexible service with minimal additional costs.</p> <p>There is also the opportunity for a MAT to develop strong links with outside suppliers, which in turn make it easier for the MAT to respond to challenges.</p> <p>Another significant benefit of in-housing services are the opportunity to build and draw on the goodwill. This flexibility and commitment, and the culture that this encourages within a MAT, should not be underestimated.</p>
Risks	<p>Usually there are two main barriers to in-housing a service – the initial start-up cost and the availability of the right person and/or team.</p> <p>Additionally, MATs that utilise in-house services need to have robust contingency plans in place and also need experienced managers with an understanding of the requirements and regulations for the particular service.</p>

A further risk is linked to growth and development. As a MAT grows and matures, the service would need to develop as well. As such, there would need to be realistic succession plans in place at all levels.

## Lessons from STEP Academy Trust

At STEP Academy we have taken the in-house services route. In the early days, this was in response to challenges around contract management and quality, but as STEP has grown this approach has become a business strategy. The evolution into a formal business strategy came with as a result of two drivers. Firstly, the Executive Team took care to consider what type of MAT we wanted to be - a MAT which replicated a Local Authority type model, with schools running independently, buying-in services from a central team, or a MAT which was a single business entity with all those involved in providing and facilitating education directly employed.

The second driver was our contract analysis, in the absence of published research around catering and the best options for schools and MATs. It is obvious to say, but worthwhile, no matter how low the cost of the service delivered by a contractor – whether for catering or cleaning or ICT – part of the funds dedicated to education are going towards third party profits. Of course this is entirely appropriate, and MATs need well run and profitable suppliers to provide goods and services. However, as STEP wanted to be a MAT that was a single business entity, we needed to realise and re-invest those profits.

For example, a catering contract can be procured for £2.00 - £2.20 per plate. This includes the cost of staff and ingredients, but may not include a management fee and is unlikely to include the need to flex delivery without additional costs. As such, at STEP we stripped back the cost per plate and broke it down into ingredients and labour, and then put strategies and procedures in place to minimise cost in each area. This took account of everything from staff training and portion control through to negotiation of price on a fixed basket of goods from which all meals are prepared.

The benefits of this approach? Well, as a Trust we produce in excess of 600,000 meals per annum. Over the course of two years we have increased the quality of ingredients via direct relationships with suppliers and decreased the average ingredients cost by almost 20%, and pupil satisfaction ratings are in the high 80, low 90% region!

The approach to in-housing has been guided by our business design principles, in particular that we “*Implement a structure for our next, not current, stage of development*” and “*As much resource as possible is directed towards teaching and learning*”. The design principles themselves are an aspect of the STEP Compass, our overarching operating model.

At the heart of the Compass is the Mission, Vision and Values of STEP. Therefore, decisions at all levels are linked to what the Trust is striving for. As a result, the first point of the Compass – STEP First – confirms that we are all one team in pursuit of the Mission and Vision, and that we conduct ourselves in harmony with our Values. This links to the second Compass point, STEP Way, and the logical that if we are one team, there will be consistency in how we do things - with consistency achieved through discussion and agreement. These points empower STEP Up, which is our mechanism for supporting individuals, teams or academies and also ensure that we don't lose focus on the future, STEP Ahead. Each Compass point being held in place by the STEP Standard – We **Striving Together** for **Excellence in Partnership**, STEP.

### Definition of a Business Design Principle

An agree approach towards decision making which guides leaders towards an outcome consistent with the Mission and Vision of an organisation. Critically, the decision is reached and implemented in a way which respects organisational values.

Within **STEP**, we have five *Business Design Principles* which are:

1. The STEP First Fund\* is the engine room of the organisation
2. As much resource as possible is directed towards teaching and learning
3. Finance informs, but never makes, a decision
4. Implement a structure for our next, not current, stage of development
5. Headteachers are empowered within the STEP Way framework

\* *Contributions from academies to the central team*



The benefit of an in-house approach which is part of our operating model, is largely cultural. All staff within STEP see themselves as part of one team supporting and facilitating education - our teaching staff, ICT staff, catering staff and cleaning staff all know that they have the ability to positively impact on pupils by the way they carry out their duties. This in turn has removed hierarchical perceptions, a barrier to performance and goodwill.

Another important aspect of the Design Principles is that it does not force a decision to in-housing. Some services are, we feel, unlikely to ever be moved in-house. These include the provision of legal services and payroll, where the cost of internal specialism would be prohibitive. As such, the Compass guides the procurement of Partner organisations, with the tendering process allow an opportunity for bids to reflect and align offered service delivery to our Mission and Vision of STEP.