

Emerging School Structures Guide

What are the options?

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Introduction



Collaboration comes in numerous forms – informal, formal, soft partnership, hard federation. It may come in the form of shared practice, group buying, the formation of a trust or as a MAT.

The right solution for your school will depend on a number of contextual factors and the appetite for sharing.

Whatever your chosen route, it is clear that those who decide to operate in isolation will struggle to secure their future sustainability and indeed may find joint activity forced upon them.

This guide sets out some of the options for consideration and we hope that the expert opinions of leading sector service providers will help inform your decisions.



Stephen Morales
NASBM Chief Executive



Schools have a duty and a moral obligation to ensure funds are used efficiently to provide the best possible education. As the academy programme continues, we are seeing the bulk of new academies each month being created as part of a formal collaboration. Indeed, to maximise efficiency on the “business” side of education, single schools may not, in the future, be financially viable.

Just creating scale though, will not automatically create savings and efficiency. Efficiency needs to be at the heart of what happens in the finance function before joining forces with like-minded schools is even considered.

Ian Buss
Head of Education
Lloyds Bank

Strategic plan

The school strategic plan is the school's statement to its stakeholders (prospective parents and pupils, existing parents and pupils, staff, governors and the local community) about what it stands for and intends to do over the next three to five years to improve learning outcomes for pupils, to ensure the financial health of the school and its long-term viability.

It defines the school's values and sets out the school's goals, targets and key strategies for improvement. It should also influence resourcing priorities, including infrastructure developments and staff structures.

Who drives the strategic plan?

Every school should have a long-term strategy, based on a shared vision. The head teacher, governors, school business management practitioner (e.g. CFO/COO/FD) and senior leaders should be responsible for preparing the strategic plan.

It is then the role of senior leaders to turn the strategic plan into a school development plan, updated each year, and to implement the strategy with the oversight from governors.

What items should be covered in the strategic plan?

The strategic plan should provide a clear vision for the school, which can be easily articulated to the stakeholders and underpins the performance management of the school.

The strategic plan should:

- outline the goals, targets, improvement strategies, key actions, risks and success criteria for the school;
- develop a long term-view vision for the school and its development;
- assist in setting the school's purpose and values;
- outline any socio-economic factors likely to influence the way the school operates over the next five years, e.g. changing demographics, policy changes, political influences;
- identify any key risks and mitigation strategies.

What are the challenges currently facing schools?

When developing the strategic plan, the school leadership should give careful consideration to financial planning and the viability of the school over the next three to five years. This alone may affect the activities and priorities for the school moving forward.

There are a number of system-wide challenges that are facing schools, especially stand-alone schools:

- new performance measures – coasting schools
- new inspection framework
- changes to assessment processes – 'Life beyond levels'
- teacher and head teacher recruitment
- budget challenges
- viability and sustainability of schools

Long-term financial planning and consideration for external factors will allow schools' leadership teams time to reflect on the financial pressures that may be exacerbated in future years and consider how these can be mitigated.

One area that can improve the financial health and efficiency of schools is collaboration. This guide will look at collaboration opportunities and the structures available to support collaboration and benefit the schools involved.

It will be critical for the school to be able to demonstrate and articulate the vision and plan for their school, especially if the school starts to experience a deficit position, is identified as coasting and/or following Ofsted is graded as 'Requires Improvement'.



The effective use of staff knowledge and expertise will be critical in delivering the strategic plan. Studies have shown that effective schools have effective leadership, with a shared and effectively deployed vision.

Schools should undertake a skills audit of the school leadership as part of their strategic planning to identify gaps and areas for improvement. The NASBM Professional Standards can support this activity through its identification of the areas that schools are responsible and accountable for. A self-assessment spreadsheet can be downloaded from the NASBM website to support this activity www.nasbm.co.uk/professionalstandards.

Schools should then ensure that any necessary professional training and CPD is identified and undertaken to upskill individuals to fill any noticeable gaps.

The Education and Adoption Bill ("Bill") formally introduced the term "coasting school". In July 2015, the Government also made available "illustrative" regulations to provide more detail about when a school will be classed as "coasting". The regulations will need further refinement and the entire concept of coasting schools has been subject to a consultation, which closed in December. We await the Government's response to that. At this stage however, we can glean that there is a separate definition of coasting for primary and secondary schools and that the criteria for all three years must have been met for a school to be coasting.

For **primary**, a coasting school will be one which:

- in 2014 and 2015, had fewer than 85% of its pupils achieving level 4 or above in reading, writing and maths;
- in 2014 and 2015, had a below median percentage of its pupils making expected progress (two levels of progress in reading, writing and Maths at KS2);
- in 2016, had fewer than 85% of its pupils achieve the expected attainment standard in reading, writing and maths and pupils not making sufficient progress (the progress level to be announced once tests taken in 2016).

At **secondary** phase, a coasting school will be one which:

- in 2014 and 2015, had fewer than 60% of its pupils achieving 5 A*-C (including English and Maths);
- in 2014 and 2015, had a below median score for the percentage of its pupils making expected progress in English and Maths;
- in 2016, had a Progress 8 score at or below a specified score to be introduced next year.

When a school is labelled as coasting, guidance from the Government to date suggests that the school will be given the opportunity to demonstrate capacity to make sufficient improvement. To quote the DfE, "the plan is not automatically to seek academy solutions for all schools which fall within the definition of coasting". However, to avoid forced academy sponsorship, a coasting school will need to have a clear improvement plan to present to their RSC. Formal collaboration (as explained further below) with carefully selected schools or academies which is focused on tackling weaker areas will add weight to that case for capacity.

The lack of a convincing plan, or that plan failing to prove effective, will be likely to result in the replacement of the school's governing body and/or forced academisation. Under the Bill, where a maintained school has been categorised as "coasting", it becomes eligible for intervention (EFI). From a legal perspective, EFI status empowers both the local authority and the Secretary of State to exercise formal intervention measures in relation to that school. This can include the imposition of an interim executive board and the making of an Academy Order.

For academies, originally the coasting provisions within the Bill did not apply. However, further amendments to the Bill proposed towards the end of 2015 mean that the coasting criteria will be applied equally to maintained schools **and** academies. The draft legislation purports to introduce the coasting grounds as a new means through which the funding agreement (including those already entered into) between the Secretary of State and academy trust can ultimately be terminated. The Government is therefore, rather controversially, using legislation to amend the contractual terms of funding agreements.

It is important to state that neither the Bill nor the coasting school regulations are currently in force. At the time of writing, the Bill was about to have its third reading in the House of Lords.

For many years, schools have successfully worked together in a variety of different ways. Yet the current economic climate and change in education policy towards a school-led system has changed the nature and importance of school collaboration. Whilst education funding has fared relatively well within the public sector, long-term financial projections for schools are causing concern, with rising pension and National Insurance contributions and reductions in the Education Services Grant impacting on school budgets. The continuation of the academies programme is also driving the growth of academy groups meaning schools need to understand the options available to them.

For some, collaboration has become the only means of survival; for others it is essential to ensure the success of their school. Now is a good time to assess who your school is collaborating with and on what. Could further collaboration help meet your short and long-term strategic aims?

Whatever your type and phase of school, there are a variety of different options ranging from the very informal, through to the very formal to help you meet the current challenges.

Collaborative structures

Formalising collaborative arrangements is fast becoming a necessity to ensure long-term sustainability.

Options include:

- collaboration agreements that set out the rights and obligations of the joining schools;
- collaboration companies which demonstrate the member schools' commitment to a joint venture, as well as providing organisational and financial clarity and ring-fencing risk; and
- school groups including hard federations and multi-academy trusts, both of which involve a single board who are responsible for operating two or more schools and are therefore collaborating at operational and governance levels.

Options for maintained schools

DfE policy has shifted to encouraging the creation of multi-academy trusts. DfE policy continues to evolve but MATs are the only group option they will now approve. It is also increasingly rare for the DfE to approve an "empty MAT" (a MAT with only one academy in it).

For schools that are ready to take the plunge to academy status, or are at least willing to explore the idea, a good starting point is to consider what schools in your locality you already have good relationships with and set up a working group to discuss the prospect of working together more closely and ensuring your aims and values align. Alternatively, schools can approach their Regional Schools Commissioner (RSC) who is responsible for working with school leaders to promote and monitor academies and free schools. Your school's Ofsted category will determine the level of clout you have in choosing a partner. What is clear is that schools in danger of being classed as 'coasting' are best to find a school or trust who they want to collaborate with, rather than waiting to be told who they must join forces with.

Becoming an academy and joining an established group in one go can seem a daunting prospect due to the significant differences in relation to funding and governance. Yet many schools find that you have to balance any perceived or actual loss of autonomy with the benefits for your setting that hard collaboration affords; these can include financial, organisational and pedagogical benefits.

Options for stand-alone single academy trusts

Many single academy trusts have taken the decision to convert to multi-academy trust status to take advantage of the benefits of hard collaboration (financial, governance, pedagogical, etc.), whether as formal sponsors or otherwise. Any single academy trust looking to keep their status quo will not be easy. Good and outstanding academies will be under increased pressure to help schools in RI or special measures and schools in RI could be forced to transfer to another trust.

When faced with an application for becoming a multi-academy trust, RSCs will require assurance that the proposed governance arrangements are robust and will deliver sufficient accountability, and that there is capacity within the trust to provide support to other schools. Provided they can satisfy the RSC's requirements, schools are usually able to partner up with the trust of their choice. It is where schools in trouble are unwilling to engage that a decision may be enforced upon them.

Options for small multi-academy trusts

There has been high profile media coverage of academies being removed from trusts which expanded too quickly. RSCs are tasked with ensuring that existing multi-academy trusts do not expand at too fast a rate, without first being satisfied that they have their house in order. Whilst there is no optimum size for funding and management, experience from existing MATs suggests there are points at which infrastructure must be established and investments need to be made in central services (6 academies or more) and points where critical mass is reached and the financial risks lessen (8-11 academies). As trusts reach 20 academies, they will likely need to restructure further.



Top tips for all schools in considering collaboration structures:

Choose your collaboration partners carefully

Opportunities to collaborate are varied and will only increase in the coming years. It is important to guard against involvement in too many and ensure that any collaboration meets your strategic aims, gives you value for money and that staff have the time to commit to it. Delivering better education outcomes for your children and young people must be at the heart of any venture.

Substance before form

Do not simply adopt a structure because it has worked elsewhere. Be clear on why you want to collaborate and your expected outcomes which will help you decide which is the most appropriate structure to support what you are trying to achieve. It is important to make sure the culture of all schools collaborating is complementary.

Firm but fair timeline and clear objectives

Set a timeline with clear milestones as to when things need to be completed by and make sure your proposed partners have a vision that aligns with yours.

Robust framework

Many school collaborations are built on good relationships between head teachers. It is important that, whatever route you decide to go down, there is a clearly documented framework about how you are going to operate.

This not only provides for greater resilience against changes of head teacher, but it also gives governors a better oversight and understanding of how the collaboration will benefit the school.

Getting your finance function correct

All too often we still hear the mantra “we’ve always done it that way,” but embracing change will be key to driving towards greater financial efficiency. We no longer have the luxury of always doing what we’ve always done.

My team work with more than half of all academies and we have seen excellent changes implemented to create savings and efficiencies, and processes developed to protect against loss through fraud.

One area that all academies (and maintained schools where the local authority allow), irrelevant of size, can consider, is to move away from using cheques to pay expenses and suppliers. The cost in man-hours along with postage and stationery will usually mean there is a financial incentive to move to paying all invoices and expenses electronically through BACS — one of the biggest benefits I hear is “no more unpaid cheques to reconcile at month end!” Cheques continue to be a major source of fraud and ceasing to use them at your school takes away this risk.

Like any payment mechanism, using BACS to make payments doesn’t come without its own risks of fraud, so it is absolutely essential that your process for creating payments, authorising payments and verifying any change of supplier details is locked down and adhered to. Your bank should be able to give you clear guidance and support when implementing an electronic payment system to help minimise fraud risks.

As well as removing cheques from the school finance function, many schools are reducing the amount of cash they send into school by using online payment providers like ParentPay to pay for expenses such as school trips and meals. Indeed, I’ve seen some schools recognise the benefits and go completely cashless — this can save hours of staff time each week as well as removing the risk of cash being carried by students and left hanging around school offices. Many assume that, because “we’ve always done it that way,” a cashless school for all regular payments like trips and dinner money is not possible but, with the right implementation, communication and determination, a cashless school can be a reality at all schools.

As groups of schools start to see the benefits of collaboration, it is often a natural next step to look to centralise various functions such as payroll and HR. In addition to these functions, we are starting to see multi-academy trusts (MAT) remove more of the financial burdens from individual schools, allowing the school to focus on leading and delivering its teaching, with some now centralising all finances into a single MAT bank account. This removes the need for any local payments to be made, and whilst this may feel like a big step to make for many, all forms of collaboration and centralisation should be considered and reviewed to assess if it will create savings and efficiencies that allow each school to devote more time to continually improve the education of our children.

If you would like to discuss any aspects of efficiency or minimising the risk of fraud, do talk to your bank for guidance and support. For more information about the risks of fraud and some steps that can be taken to help minimise the risk of loss, visit www.lloydsbank.com/business/security.asp.

Multi-academy trusts, centralised finance function — myth or reality?

With more and more schools joining or forming Multi-Academy Trusts (MATs), many of our customers are looking into the possibility of centralising their finance function, the benefits of which are regularly discussed. Yet the number of MATs that centralise their finance function is still relatively low.

With the correct structure, processes and Financial Management System in place, finance departments can alleviate the pressures of managing the finances of multiple schools as well as improve efficiencies in areas such as processing, reporting and purchasing.

Each MAT structure comes with its share of advantages and disadvantages; in many cases, with the right elements in place, cluster and hub structured MATs can form a successful finance function. However, a centralised structure is widely regarded as the most effective structure to gain maximum efficiency. A centralised structure can eliminate inconsistency, repetition of processes and simplifies the control of all income and expenditures throughout the MAT. As an extreme comparison, an Academy within a MAT is the equivalent of a department. Therefore, in a secondary school, would you give each of your departments a bank account and finance team? The answer is no, yet this is often seen across the sector.

Challenges

Whilst a centralised structure can be seen as the preferred structure for a number of reasons, achieving this can be a lengthy process. For MATs that are sponsoring failing schools, it is much easier to enforce your organisational structure as there is already an element of 'turnaround' required. For MATs that are bidding for schools to join their trust and have to take part in the 'beauty parade' process, the perception of their offer is vital.

Joining a MAT with a centralised finance function should be an appealing option; the MAT will take on the majority of financial administrative tasks that do not add value to the schools. However, the scale of this benefit is not always appreciated if the joining school doesn't have experience of the increased workload that's associated with academisation, particularly if their LA did the majority of their financial processing when they were a maintained school.

An often bigger challenge is the perceived loss of autonomy; this is obviously at odds with one of the main benefits of academisation. In reality, removing administrative processes from the joining schools is unlikely to reduce autonomy as the school can still spend their approved budgets on what they like and where they like (in accordance with finance policy regulations). The time that is saved by this will free up availability for school finance staff to focus on adding value to their organisation by focusing on the business element of the role; generating additional income, ensuring that budgets are being used as effectively as possible and that the school is maximising the use of its resources.

In summary, a centralised finance function is a reality. Planning and communication is key and this doesn't have to happen overnight; many of our customers have moved processes to the centre over time.

EFA financial returns and requirements for academies

Accounts return

The accounts return helps EFA to consolidate academies' accounts into EFA's and DfE's annual accounts as required by the Treasury.

Only trusts that are preparing financial statements for the year ending 31 August and have academies open as at 31 August should complete this annual accounts return. If you fall into one of the following categories you will instead need to complete by 31 May a separate accounts return, issued by EFA in March.

- academy trusts with academies open at 31 March that did not prepare audited accounts at 31 August the previous year
- academy trusts that did prepare audited accounts at 31 August the previous year but have opened academies between 1 September and 31 March

For the second category above, the return should only cover those academies that opened in that period.

Budget forecast return

Academy trusts must monitor and manage their own budgets to ensure effective financial oversight of public funds. EFA reviews academy trusts' budget projections and actual results to assess financial health and to ensure the estimates of the future funding requirements for academies are accurate.

Academy trusts that open on or after 1 April each financial year and new academies joining an existing multi-academy trust on or after 1 April are required to submit their budget forecast return 6 weeks after receiving their final funding letter or by 31 July of the same year, depending which is later.

For more information on the return requirements, visit: <https://www.gov.uk/guidance/academies-financial-returns>

The information contained on this page has been lifted from the DfE guidance available at the above website.



What are the core aims of the RSC Role?

- Monitoring the performance and intervening to secure improvement in underperforming schools
- Taking decisions on the creation of new academies
- Ensuring that the sponsor market meets local needs by authorising new sponsors and challenging those that exist to perform even better

In order to ensure your RSC visit runs smoothly we have devised '9 characteristics that underpin a successful Single and Multi-Academy Trust':

- Characteristic 1:** A well-communicated strategic vision that moves from implementation to impact
- Characteristic 2:** There is a clear accountability framework for the performance of all staff in the trust
- Characteristic 3:** There are clear QA systems in place to improve consistency and performance
- Characteristic 4:** Clear delegated framework for governance at trust and local governing body level
- Characteristic 5:** There is a trust-wide school improvement strategy that recognises the best practice from its schools' needs to form the basis of improvement more widely
- Characteristic 6:** There is a systematic programme of school-to-school support targeted at the needs of individual academies
- Characteristic 7:** Skilled management of the trust risk indicators
- Characteristic 8:** A planned approach to succession for all the key roles in the trust
- Characteristic 9:** Commitment to making a contribution to local, regional, and national system leadership

The expected benefits of collaborative structures are detailed below:

Benefits of collaborative structures:

- Collective responsibility for the results of all children
- Flexibility to deploy staff in the most effective way to benefit the largest number of children
- Career progression for staff
- Economies of scale
- Transmission of the best practice into small/all schools
- Strategic governance allied to educational focus at local governing body

Sir David Carter

National Schools Commissioner



The National Association of School Business Management is the UK's leading association working exclusively on behalf of school leaders and influencers. The Association offers the profession an influential voice in national educational policy and continually strives to raise the profile of school business management. The association has now launched Professional Standards for the sector.

www.nasbm.co.uk | info@nasbm.co.uk | 02476 231221



Ian Buss heads up the Lloyds Bank national education team. The team offer banking, support and guidance to schools and academies.

ian.buss@lloydsbanking.com | www.lloydsbank.com/schoolbanking



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