**School Budgets and beyond – Why centralisation is the future for MATs**

**[Article from The Headteacher – 3.3.23 – by Will Jordan – [see also ‘A Growing Philosophy: How are Multi-Academy Trusts developing their models through centralisation?’]**

Last year, on Primary Leaders, I wrote about the growing number of Multi-Academy Trusts (MATs) that have started their financial centralisation journey, but that for many Trusts there were factors still holding them back.

Subsequent findings published in Pooling Reserves and Budget Centralisation in Multi-Academy Trusts, and follow-on 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 executives, chief operating officers and chief financial officers around good practice and knowledge-sharing. There was a clear appetite for better, more in-depth, insight on centralisation journeys among 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, where a Trust receives its funding centrally and then allocates budgets to the individual schools, 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 worked and what they would do differently), and the benefits and impact this has had on their systems and the Trust as a whole.

Strategic centralisation

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.

While practices and procedures stood out in a number of the interviews and, as a systems provider ourselves, we would, of course, suggest that systems are a key component of the journey – systems cannot be used in isolation and 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 around.

Therefore a MAT’s systems strategy needs to ensure that core technologies 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.

Opportunity

As Trusts grow they often look at centralising the finance function first – but as Leora Cruddas, Confederation of School Trusts CEO, says in the report, centralisation more widely remains less developed in the sector: “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.”

What I take from this is the gap – and opportunity – around the discussion of education at a much earlier stage within the initial ‘to centralise or not to centralise’ debate. While centralisation can still be a controversial topic, schools within the Trusts interviewed for our report appear to be generally 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 benefit teaching and learning (with supporting resources).

There are some really good examples of all this happening within primary MATs: from the four-school Cornerstone Academy Trust to the 60-school Reach2; and in all-through MATs such as the 16-school Dartmoor Multi-Academy Trust and the 22-school Academy Transformation Trust (ATT). ATT is also one of the most vocal advocates of GAG pooling, often interpreted as one of the more explicit outcomes of centralisation.

In the snapshot of MATs featured in this report, however, GAG pooling is implemented at a representatively high scale, suggesting an increasing move for more Trusts to embark on such a journey. For some Trust leaders we interviewed, 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. But in most cases there is clear evidence of the impact.

How centralisation affects learning

Tim Hooper, Operations Director of the 28-primary Aspire Academy Trust, said: “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.”

Jason Brown, CFO of the 33-primary Bath and Wells Multi-Academy Trust, agreed: “Generally, 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.”

In my experience, the majority of MATs have centralised to a degree, the challenge being that each Trust has chosen a different path and worked in a different way to achieve things. However, the general direction of travel is towards greater centralisation and I would fully expect this trend to continue over the next few years.

Centralisation – What you need to know

Centralisation should be a strategic decision, linked to the ethos and culture of any one MAT, and a bigger discussion than finance. Schools who are involved from the beginning and have a belief in the wider strategy are generally more supportive of centralisation. Systems must be used to help implement the Trust’s vision, which is already established and communicated to all stakeholders, not the other way around. Trusts in our report are implementing GAG pooling at a representatively high scale, suggesting an increasing move to do so. There is clear evidence of the impact of financial (and wider) approaches to centralisation as they evolve or grow.