



CIVICA

Financial management fit for the future

Driving efficiency and savings
in multi-academy trusts

Introduction

It's not just the political and economic landscapes that are rapidly changing around us, every aspect of life is becoming increasingly data-driven. Students, teachers, senior leaders and support staff alike now expect rich, intelligent digital services in the school environment, similar to those they experience outside of it.

Making sense of the data-driven world can have transformational benefits across education, especially as multi-academy trusts (MATs) are under immense pressure to deliver services to a demanding student base, under a rigorous inspection framework, with unprecedented cutbacks in funding.

In fact, according to the [Institute for Fiscal Studies](#), total school spending per pupil in England fell by around 8% in real terms between 2009-10 and 2017-18. The National Education Union compared the schools block funding allocations for [2017-18](#) and [2018-19](#) and found that a quarter of primary schools (25%) and one in six secondary schools (17%) either received no cash increase or suffered an actual cut to their funding. And, with 50% of England's state school pupils now educated in academies, these continued budgetary cuts are severely impacting academies and MATs across the country.

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In July 2017 the Department for Education re-allocated part of its budget and increased school funding by £1.3 billion for two years starting in April 2018. Whilst this may sound positive, uncertainty around the new national funding formula, increasing pupil numbers leading to rising demand on services, and a stretched workforce, is causing the road ahead to look increasingly complex.

However, a recent report from the [Education Policy Institute](#) found that academies which are part of large MATs are generally less likely to have in-year deficits than stand-alone academies or those in small 'starter' trusts. And the propensity to have an in-year deficit is lower in academies in MATs than for local authority schools. So, it seems that MATs are weathering the financial storm a little better than others. In many cases, this is down to a centralised overview of finances on a digital platform.

As schools in England continue to join or merge into larger academy trusts to reap the collaboration and resource sharing benefits and drive down costs, it's vital that leaders across the education sector invest in building an IT infrastructure to support these efficiency goals.

"Whatever a MAT's understanding or approach to these digital shifts, one thing we can count on is that innovation and cloud technology will continue to pervade school life. And those who bury their head in the sand will only continue to be left further behind."

Simon Wilde, MD, Civica Education

Executive Summary

Civica recently surveyed more than 250 school business managers and finance leads across the UK. Our research found that 82% of education finance departments have been asked to reduce their budget, with 44% having to restructure their back office to do so.

With funding constraints shining the spotlight on financial management, it seems clear that digitising and centralising financial systems will not only help drive efficiencies but will also facilitate data-driven decision making for the benefit of the whole MAT and its stakeholders.

In this report, we explore further the financial benefits which can be realised by MATs through the use of a shared and centralised cloud-based financial system, focusing on:

- 1 Driving efficiencies
- 2 Making data accessible
- 3 Ensuring flexibility
- 4 Making the change
- 5 Keeping the goal in sight

Civica research revealed

82%

of education finance departments have been asked to reduce their budget, with 44% having to restructure their back office to do so



Driving efficiencies to help tackle the funding challenge

Whilst many academies became part of a MAT to reap the benefits that shared teaching and learning can bring, the ability to streamline finances and drive efficiencies is now equally important. As MATs continue to increase in size and take on the finances of more academies, they will benefit from a system that makes adding new schools to a single accounting database simple and cost-effective.

This is key as the [Kreston Academies Benchmarking report](#) has found that MATs with centralised finance systems are far less likely to be in deficit. Why? This is likely to be because centralised MATs can access a holistic view of financial data across all of the academies in their trusts, enabling them to spot opportunities for cost savings and efficiencies.

However, despite these benefits, our research found that 14% of MATs have not yet centralised their finance systems.

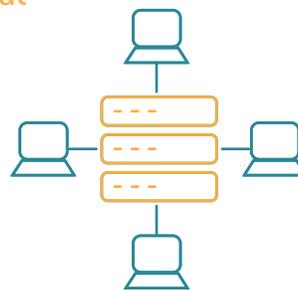
The need for real-time access to key data and its context is fundamental to any organisation hoping to transform the way it operates. Tying together all relevant insights to create a single view of finances will accurately show MATs where overspending is either currently happening, or is at risk of happening. It will also help identify new and previously unseen opportunities to make savings and create efficiencies, such as negotiating favourable rates with suppliers and sharing financial best practice across academies.

These improvements can make a real impact. Our research found that over 80% of school finance managers were being asked to make further savings. Micon Metcalfe, Chief Operating Officer at Langley Park Learning Trust, explained: "Centralising our finance systems has allowed me to structure our operations and improve efficiencies through standardised financial reporting and forecasting."

Our research found that

14%

of MATs have not centralised their finance systems



"Having a single chart of accounts and a single supplier list lets the MAT operate as a single entity. It also makes it easier to bring new schools on board in the future."

Micon Metcalfe, Chief Operating Officer at Langley Park Learning Trust

Making data accessible for all, especially the trustees

MATs need to think and act like a business. With a centralised financial system which provides access to real time information, MATs gain full insight into academy finances, whilst reducing administration. It also allows for greater control, empowering finance and operations managers to spot trends and anomalies, which then help them plan for the future and make accurate decisions to support more efficient operations.

Many MATs are already using cloud-based software to bring agility and real-time insight to drive more effective management of finances. For example, improving cash flow through better strategic management of a centralised bank account.

Those MATs that embrace a centralised financial system are also able to develop benchmarks for each academy to inform future planning and governance. This is key, as almost 40% of school finance managers admit to not being able to quickly produce management reports which combine financial data from all academies in their trust. This patchwork of reporting is making it hard for them to gain an accurate picture of the overall accounts and limits their ability to do their job effectively.

With a consolidated and centralised database, accessible via the cloud, which can compare accounts across academies and run identical reports, Trustees can gain real time insight into the financial health of a MAT with ease.

And it's not just the trustees that will benefit: head teachers will also benefit from receiving a consistent style of management reporting which accurately reflects income and expenditure.

36%



of school finance managers admit to not being able to quickly produce management reports which combine financial data from all academies in their trust

Flexibility needed in today's changing landscape

Flexibility is essential in today's changing landscape - academies and trusts need reliable systems that can easily grow with them to support all organisations, from the smallest schools to some of the largest MATS in England.

Here are some of the many ways that centralised, financial systems can support MATs:

- 1**



Reduce administration time and effort

Intelligent search, dashboards and a configurable modern interface make it easy to access the financial information needed
- 2**



Take the strain out of reporting

MATs can create and schedule bespoke reports on any data in the system, to enable unified reporting across all academies
- 3**



Avoid errors and duplication of processes

Moving financial management online to a cloud-based, centralised system ensures a secure and auditable online requisition process
- 4**



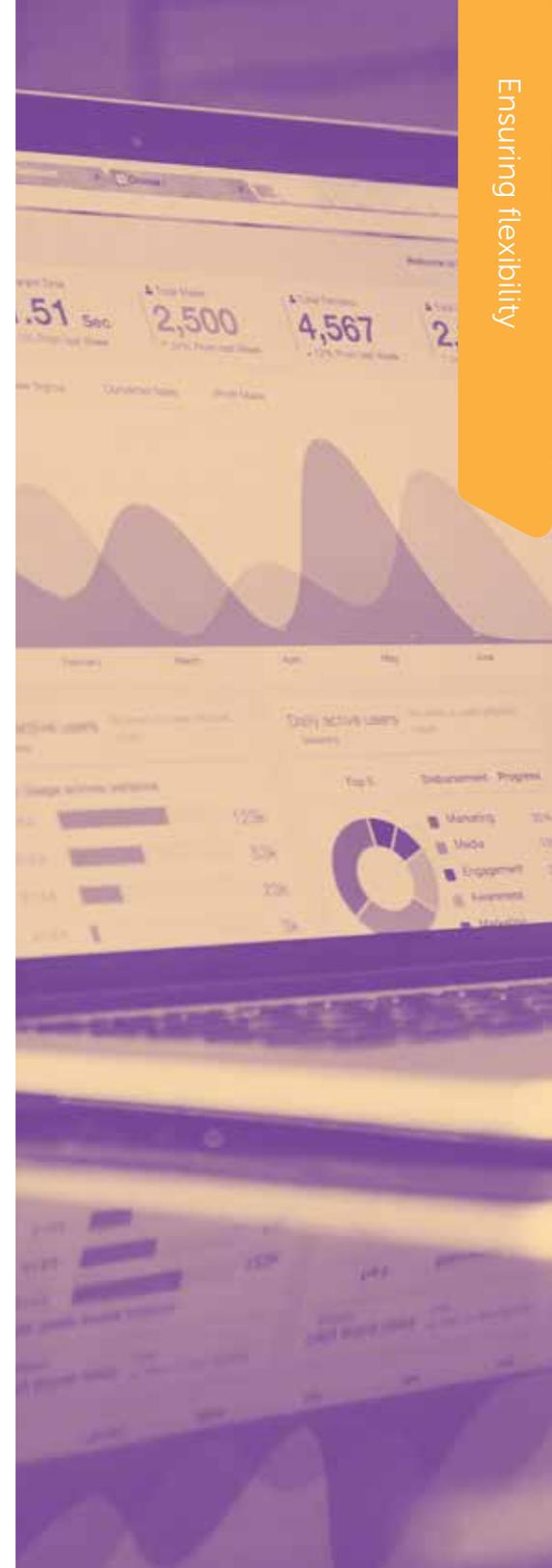
Digitise the paper trail

Comprehensive document management and automated purchase invoice processing not only saves time, but ensures that a paperless audit trail is readily available
- 5**



Make better decisions

Integrated budget planning allows MATs to make accurate predictions on future income and expenditure



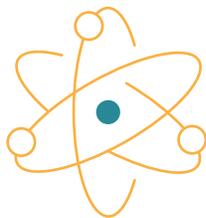
Results can't be achieved without adequate training

After budget constraints, the biggest challenge in terms of managing finances is existing systems not being effective or relevant staff not being trained to use them effectively.

15% of the finance managers we surveyed claimed that a lack of knowledge about the full capabilities of systems is a challenge to managing finances, and the same amount argued that system specific training would help to tackle this problem.

That's why it's crucial that MATs implement financial software which is intuitive and accessible across all departments. The software needs to be supported by a provider which takes the time and investment to fully train all employees – not only on how the new financial systems work, but also the tangible benefits they can bring.

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Change doesn't happen overnight

However, change takes time and results cannot be expected overnight. When working as part of a MAT, there's an integral need for each academy to understand each other in order to be able to share a vision and mission. When everyone is working with different systems and to different parameters it's hard to achieve a shared vision.

Academies need to embrace the consolidation of systems and procedures to streamline the back office, provide more efficient processes and make cost savings. With an accurate picture of financial health, and through collaboration across technology platforms, academies can drive forward efficiencies, together.

"A clear and unified financial vision is not just important to transform how the education economy operates but for any shared journey."

Lorraine Smith, Divisional MD, Civica



Putting technology foundations in place today

We all know that whole system transformation requires a leap and, for many, today's challenging financial climate may seem too steep an obstacle. But significant financial change is required, and that starts with ensuring the right technology foundation is in place to support the delivery of digital services as well as delivering increased agility and efficiency gains.

For many MAT financial managers, the end goal is access to real time financial information as part of a bigger plan to operate more efficiently and easily, with the ability to spot issues and intervene quickly.

However, it's not enough to demand change – the right structures, processes, partnerships, technology and tools must be in place to enable it. By automating processes and connecting data via the cloud, organisations can streamline processes and improve the level of services delivered to all stakeholders.

As schools, academies and trusts continue to face significant budgetary challenges, a robust, secure, scalable and reliable financial management information system is a vital element in the delivery of a sustainable financial strategy.

“The information I’m able to gather from the newly implemented centralised system can be extremely powerful and has enabled me to change the way we operate as a MAT, driving greater efficiencies and allowing me control and access to the financial data I always needed with ease.”

Micon Metcalfe, Chief Operating Officer at Langley Park Learning Trust

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