

Developing the Business Function within Growing Trusts

This guidance paper is suitable for school/trust business leaders, trustees, CEOs, headteachers, executive principals, and senior leaders involved in strategic planning and decision making within existing or converting multi-academy trusts.

With increasing numbers of trusts, it is evident that one vital element to the success of growing sustainable organisations is a business leadership and management structure with the capacity to deliver provision that supports the group's ongoing development, whilst remaining efficient, effective and fit for purpose. In the current financial climate, all trusts must be able to demonstrate sound financial health and efficiency, as well as robust financial control and accountability.

No singular model can fit every scenario, however, there are aspects of business functionality which remain vital in a growing trust. These should be considered at an early stage in the growth planning process, to accommodate additional capacity requirements efficiently and effectively, and ensure robust business continuity and adherence to statutory and regulatory compliance requirements. Separation of distinct strategic and operational aspects of business functions should be considered when determining the optimum structure for the specific context of the trust.

This guidance provides examples of a range of trust structures which can support the varying needs of business leadership functionality, and looks in detail at the following:

Section 1: Business leadership functions

Section 2: Academies Financial Handbook requirements

Section 3: Trust models

Section 4: Example of designating roles and responsibilities in a small trust

Section 5: Case studies

Section 6: Further information

We would recommend reading this paper in conjunction with the joint guidance, *Taking the Next Step: Considering forming or joining a group of schools*, written with NGA and Browne Jacobson which provides examples and information on leadership and governance structures. It is important to note that Regional School Commissioners will want to be sure that the proposed approach to leadership demonstrates robust oversight and clear lines of accountability.

1 Business leadership functions

As well as enhancing student experience and educational outcomes, growth in trust structures can deliver economic benefits by centralising functionality, thus achieving greater efficiency and ensuring resources are targeted to the areas of most need. For growing trusts, consideration is often given to a greater degree of specialisation within business functions undertaken either by highly qualified and competent school business professionals or sourced via specialist external providers; larger trusts have and need both.

The capacity and demands of the traditional school business leader role often see the most significant change. Continuing to operate alone across the full spectrum of business functions without effective support in a growing trust can be unrealistic and unmanageable.

It is vital that strategic and operational responsibilities are aligned to allow for capacity at executive and operational levels. This could be in the form of a Chief Operating Officer (COO) or Chief Financial Officer (CFO) role.

The core business functions as set out in the Institute of Schools Business Leadership (ISBL) **Professional Standards** are:

- leading support services
- finance
- infrastructure
- procurement
- human resources
- marketing

Within a trust context, there is more focus for the most senior business leads on strategic financial management and compliance.

As trusts increase in size the tasks for the business lead may broaden to include:

- risk management in its widest context across the group
- audit and assurance
- financial responsibility and accountability for the trust and/or at school level
- leadership and management of more complex and diverse teams of support staff, in multiple locations or working across sites
- ensuring there is effective governance across the trust
- due diligence as part of an ongoing growth strategy
- coordinated procurement policies
- relationship management with a wider group of stakeholders
- contracts management for managed services
- coordinated marketing and recruitment strategies across the group
- multi-faceted estates and infrastructure management

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- investment and income generation strategies
- staff development and succession planning

Core aspects of business functionality can be accommodated within individual posts or teams that report in to one strategic executive post. There are additional considerations which can impact upon business leadership capacity and determine an appropriate staffing structure, for example, geographical reach, existing skills of personnel, specialist provisions, community demographic, income generating activities/venues, audit requirements, inclusion of teaching schools and level of support required at individual schools. Taking audit as an example, if finance is de-centralised, the external auditors will need to visit each individual site to complete the audit testing and assurance processes, which will incur additional cost.

External stakeholder organisations may also influence the determination of business leadership functions and structures, such as the RSC, academy sponsors and/or Diocese.

2 Academies Financial Handbook (AFH) requirements

There are mandatory requirements for some specific trust roles which are detailed in the **Academies Financial Handbook**, including the CFO and accounting officer (AO), which must be incorporated into the trust structure and require clearly defined roles.

An AO must be appointed, and the individual must be a “fit and suitable person for the role”. The AO has specific responsibilities for financial matters and must have oversight of financial transactions. The board must also appoint an employed CFO, who has delegated responsibility for the trust’s financial procedures, undertaking a technical and leadership role. The CFO and the finance staff must be appropriately qualified and/or experienced. Within the AFH 2020, the requirement was updated to say trusts must assess whether the CFO, and others holding key financial posts, should have a business or accountancy qualification and hold membership of a relevant professional body, dependent on the risk, scale and complexity of financial operations. The ESFA also encourages larger trusts ie those with more than 3,000 pupils to consider the range of accounting qualifications available.

3 Trust models

We have used the following range of trust models based on the number of schools, as highlighted by the Regional School Commissioners:

- Small trusts: including up to five to six schools.
- Medium trusts: including six to ten schools.
- Larger trusts: including ten to 20 schools.
- Large sponsor or chain: including more than 20 schools.

We would also recommend reading this information in conjunction with the **ASCL guidance on setting pay and conditions for school business leaders**.

Small-sized trusts

Options for business leadership provision within small trusts are varied and depend on the wider leadership structure implemented at the trust formation stage. It is advisable to start planning a business structure with future expansion plans in mind. A staged approach towards the implementation of an ultimate structure will be necessary, some existing roles may require change and new ones maybe required.

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Some key considerations might be:

- Effectiveness of existing business functionality within individual schools and how this might be harnessed to best effect in a trust scenario.
- Deciding who will report on business issues and to whom, for example, deciding which role(s) will directly report to the CEO.
- Defining the delegation of responsibility and where this will sit, for example, within a trust role or at individual school level.
- The need and reality of implementing centralised services to achieve efficiencies and economies of scale, including the infrastructure and systems required to work efficiently and effectively.
- Governance structures, including whether there are local governing boards.

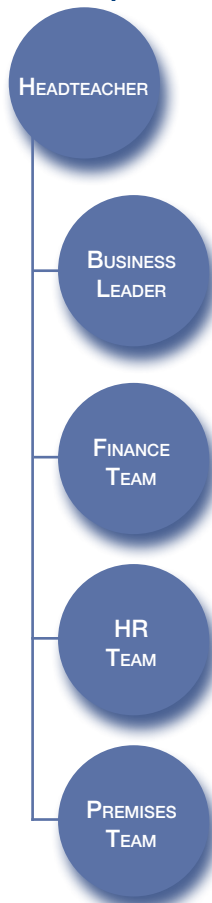
As a small group of schools come together and form a trust, the existing business functions within each school might be represented by these examples (other scenarios are possible):

Depending on the structure agreed for overall trust leadership, the business function might be represented as in examples 1, 2 and 3, where an existing strategic business leader within the group has the substantive role and a strategic over-arching role for the whole trust, reporting directly in to the executive headteacher or principal, who in turn reports to the trust board.

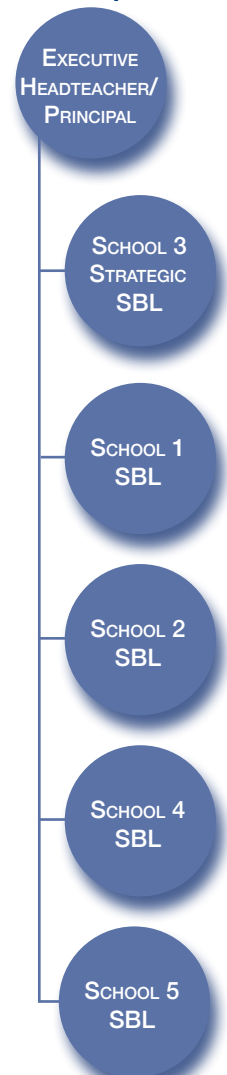
Example 1:



Example 2:



Example 3:



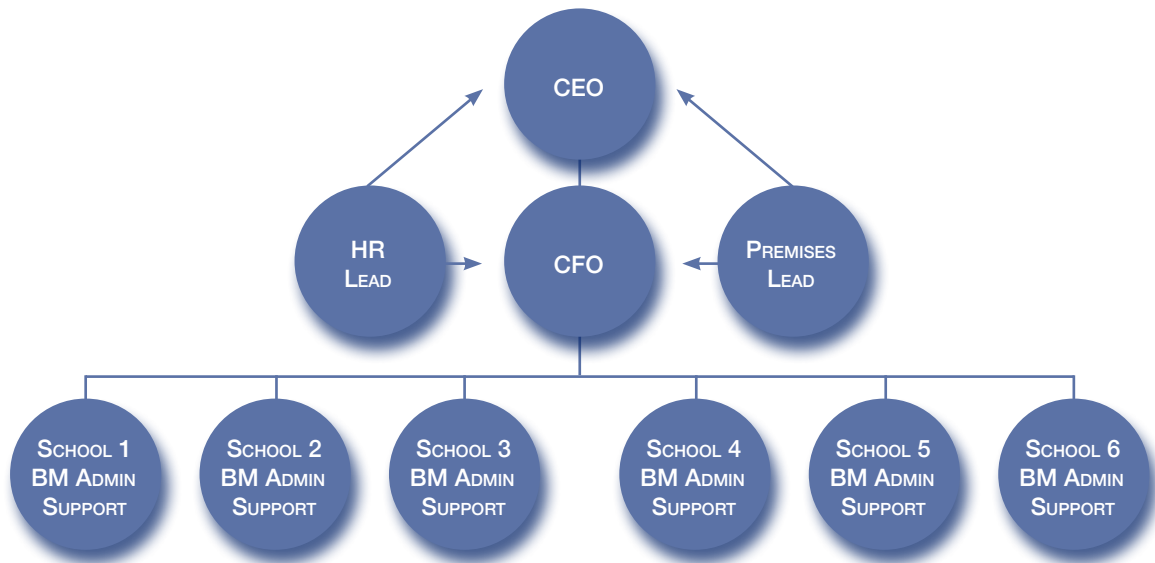
Medium-sized trusts

As trusts grow, their leadership structures often change to reflect the need for an over-arching CEO role with an overall group perspective and accountability.

A common feature in this scenario is for the CEO not to be a substantive head of any specific school in the group. In this context, a potential business structure might have developed a degree of specialisation and possibly some centralisation of function, most likely the finance function initially, but with consideration to expanding this level of centralisation to include HR and estates management. Operational support for these disciplines would be provided within each individual school in the group. Centralisation has a cost implication, depending on the connectivity of software systems and processes across each school.

Example 4:

In this case, the structure might evolve as follows:

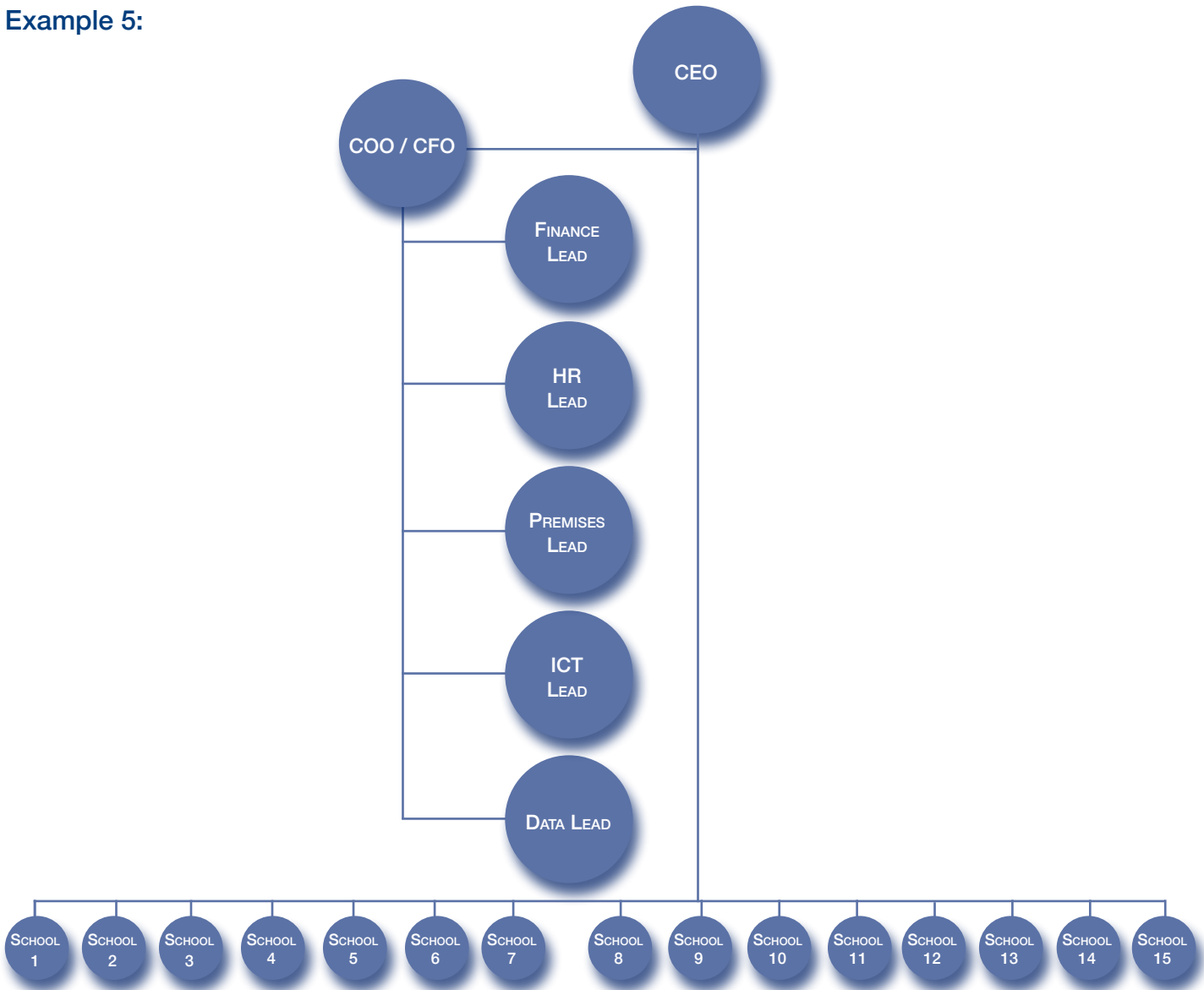


Depending on the lines of delegation, the specialists may report directly to the CEO or via the CFO.

Larger trusts

Within larger groupings, specialisation of business functions is essential. An aspirational structure for delivery of business manager functions might look like this:

Example 5:



Each individual school could have business-focused support reporting into a centralised team, including for example, finance and HR.

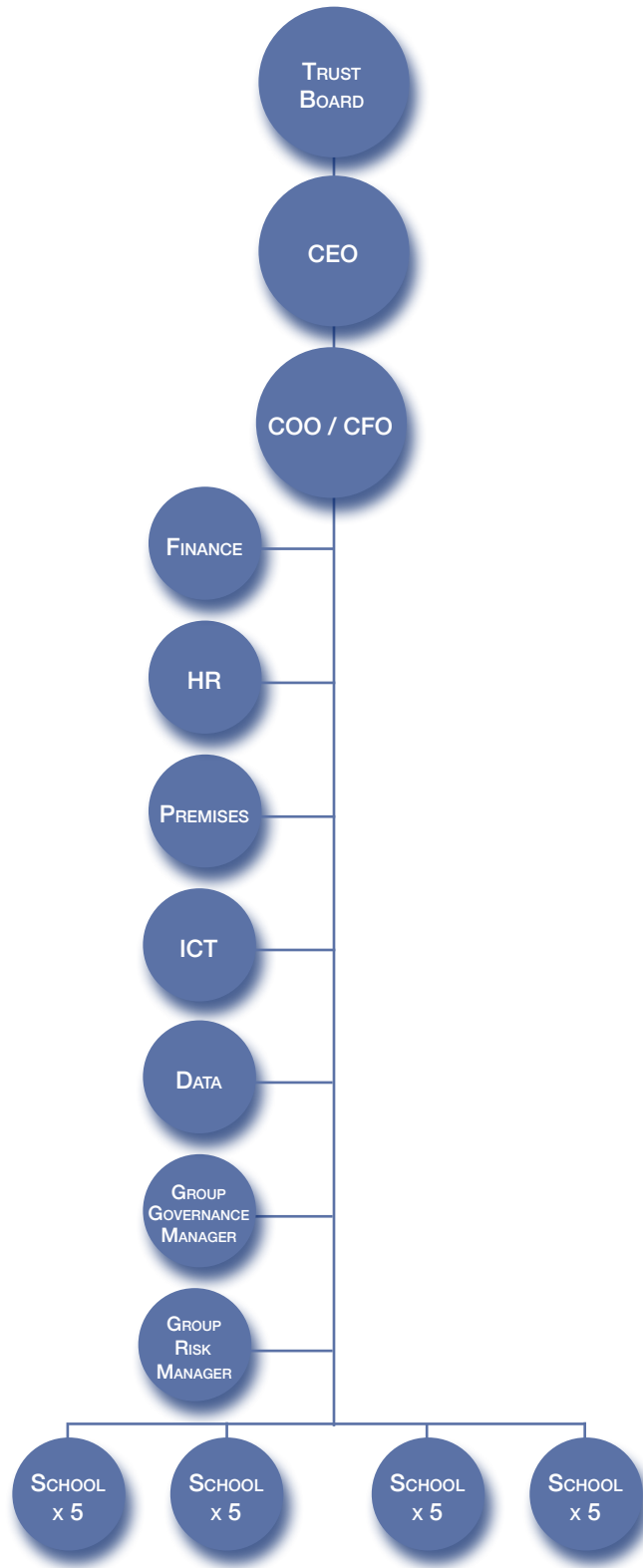
Alternatively, the operational teams led by the specialists may be distributed within specific schools; this might be a more practical option, depending on physical facilities, infrastructure and/or expertise within the group. Utilising existing expertise, investing in development and succession planning could be drivers in determining which structure best meets the needs of the trust as a whole .

Within larger trusts existing groupings can be diverse and may have a varied existing business functionality. Some larger trusts use a regional cluster or hub model, whereby sub groups of schools, use executive head roles to oversee groups. Similarly, there are larger trusts who deploy regional/hub trust business leads to oversee groups of schools, grouped for example by locality/proximity, who report to a central trust business

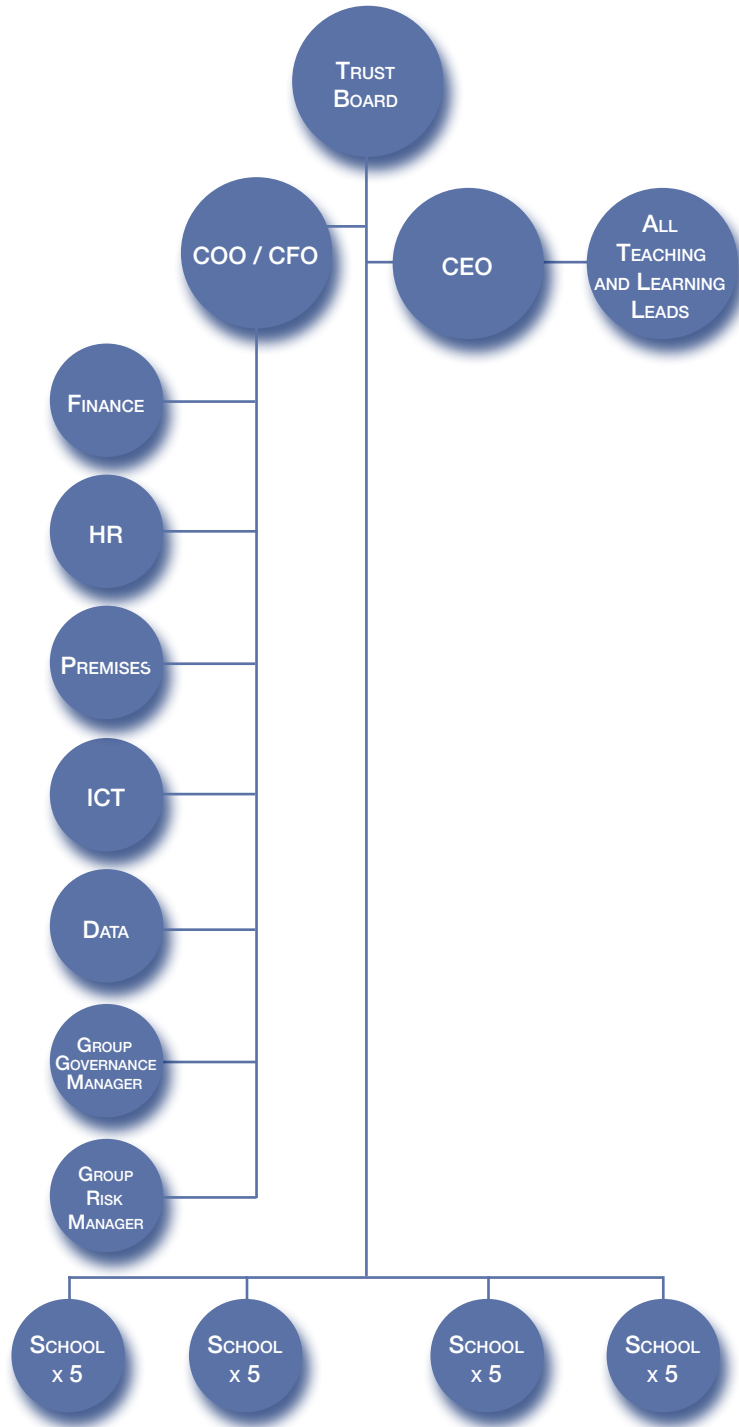
lead. Determining factors within larger groups of schools includes reporting lines for the most senior individual responsible for oversight of business-focused disciplines and deciding where specialisation of roles is essential.

Large employers also use the same approach for the oversight of standards of teaching and learning and pupil progress. For example, primary and secondary directors, regional directors where the trust has schools all over the country, segmented into North, South, East and West.

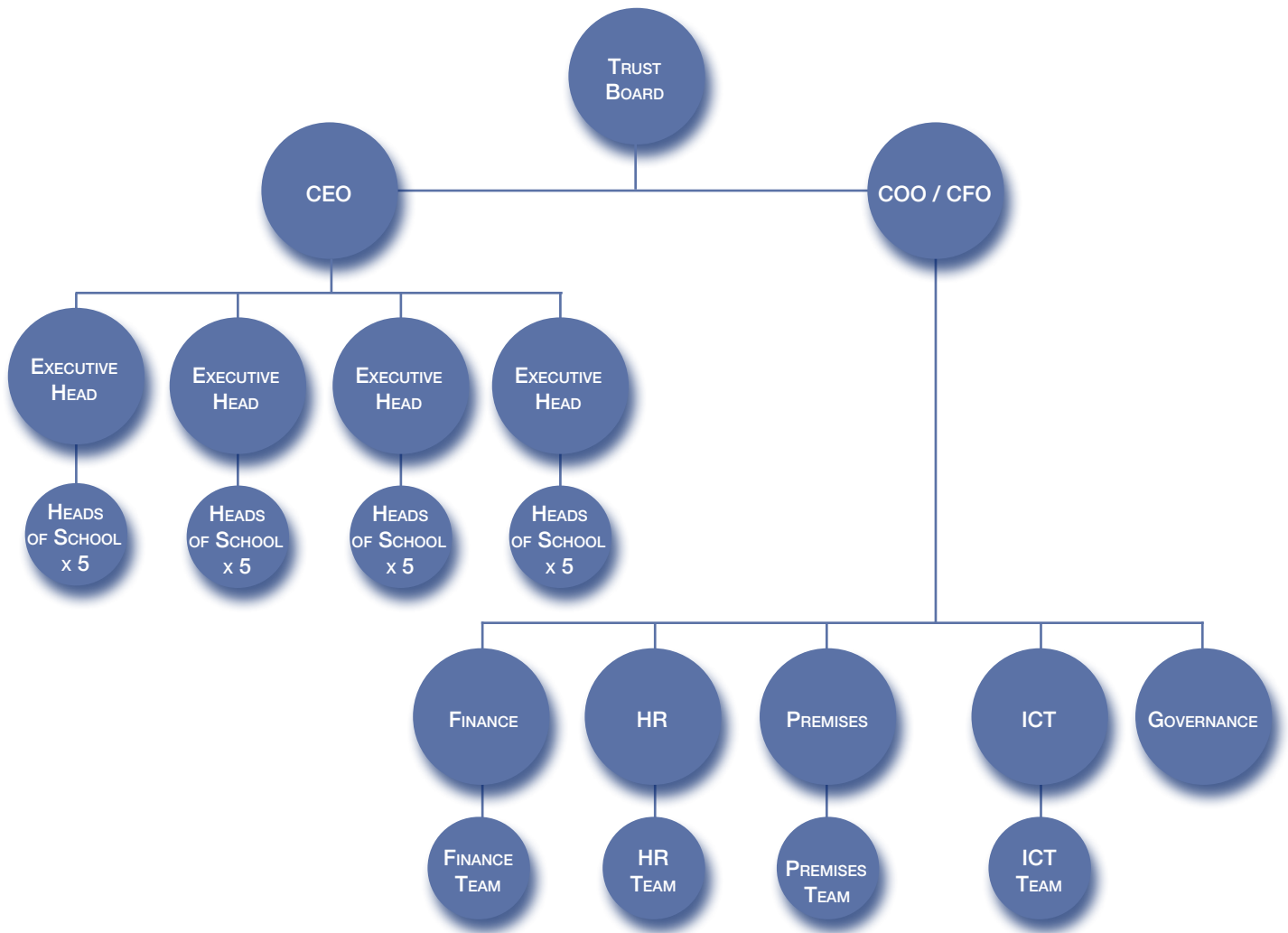
Example 6: Trust with COO reporting direct to CEO example:



Example 7: Trust with COO and CEO reporting separately to trust board example:



Example 8: COO and CEO report directly to the trust board alternative example:



These examples have built in additional considerations which may fall within the remit of the business function, for example, the role may support the recruitment and training of increasing numbers of trustees, ensuring they receive appropriate mentoring and support.

Business functionality needs to be efficient, effective, transparent, sustainable and represent value for money. That is best achieved by implementing a structure that meets the need of the specific context of the trust, supported by clear lines of accountability, a clear and detailed scheme of delegation and robust processes.

Planning is essential to ensure there is capacity to accommodate ongoing growth of the trust. Alongside consideration of the professional development of existing members of staff, succession planning, as well as nurturing staff so they can develop in a way that harnesses in-house talent to achieve the best outcomes. Streamlining middle management, incorporating a greater delegation of responsibility and distributed leadership, can lead to a developmental business leadership structure providing more extensive career enhancement opportunities for practitioners over time.

The needs, vision and ethos of the trust are paramount, and as structures continue to evolve and grow, the topic of effective business functionality should be kept under regular review.

4 Example of designating roles and responsibilities in a small trust

Based on a small trust opting for a de-centralised approach, with a business leader in each school. The expectations for each of the key roles with regards to the functions of business management and leadership will need to be agreed. Below is an example extract, it is not an exhaustive list but shows an approach that could be taken utilising the ISBL professional standards as a framework.

ISBL Professional Standard	CEO/AO	CFO/EBD	HT	SBL
<p>Leadership and Management</p> <p>ISBL Leading support services:</p> <p>Lead, develop and coordinate support services or your specialist function(s), to support outcomes for pupils across the school/trust by providing high-quality solutions</p>	<p>Set the vision and values.</p> <p>Undertake the specific responsibilities of the AO as stated in the AFH and HM Treasury's Managing Public Money.</p> <p>Manage relationships with stakeholders including the RSC.</p> <p>Ensure effective and robust governance.</p> <p>Due diligence as part of the growth strategy.</p> <p>Involvement in risk management.</p> <p>Regular meetings with the CFO and HTs.</p> <p>Attend all board meetings.</p> <p>Produce a termly CEO report for the trust board.</p>	<p>Undertake the specific responsibilities of the CFO as stated in the AFH.</p> <p>Regular meetings with SBLs.</p> <p>Produce termly report for the trust board.</p> <p>Line management duties.</p> <p>Oversight of adherence to policies.</p>	<p>Regular meetings with the CFO/SBL(s).</p> <p>Allocating time for signing off documents.</p> <p>Provide information as requested to the trust leadership.</p> <p>Ensure adherence to policies.</p>	<p>Provide CFO with information and documentation as requested by the trust leadership.</p> <p>Use the ISBL professional standards to undertake a self-assessment review.</p> <p>Line management responsibilities.</p> <p>Support trust peers by sharing practice.</p> <p>Ensure adherence to policies.</p>

5 Case studies

Case study 1: River Learning Trust

River Learning Trust (RLT) is a medium-sized MAT (7,000 pupils) which comprises of:

- four secondary schools
- seven primary schools
- a free school in pre-opening
- a school-centred initial teacher training (SCITT) provider
- a number of other schools due to join in the coming year

The trust has undergone significant change (as shown in Figures 1 and 2), having grown from being a single academy in 2012, and during this period there has been reorganisation of its business management operations.

Becoming a MAT

The trust became a MAT when one of the local primary schools to the secondary academy required 'special measures'. The primary joined as a sponsored academy in 2013. From this point, the trust has grown with a mix of convertor and sponsor schools and the finance, HR, operations and governance capacity has increased.

Like most trusts, we have always tried to increase capacity just before we have needed it, whilst always being limited by financial resource, and in part this was driven by our early experiences of not having enough capacity in these areas when we were a small MAT.

For example, as a two-school MAT we experienced staffing changes in our single primary so we tried to make some financial savings by not replacing a like-for-like business manager post and allocating more duties to colleagues based at the secondary. This was a false economy at that stage, as we had limited expertise and capacity to deliver what colleagues found to be the more demanding regulatory framework for academies in comparison to being local authority-maintained schools.

Opportunities to grow

Having experienced challenges operating as a small MAT, and whilst being able to see the benefits of being a MAT, the trust decided to pursue the opportunity to grow, and therefore develop the necessary staffing to allow this to happen.

The initial appointment we sought to make was for an Experienced Resources Director (similar to a senior business manager or COO), but we were unable to recruit to the salary we could afford at that time, and for an extended period, appointed an experienced interim along with an interim accountant to support financial functions.

As we secured some certainty over growth we then appointed an HR Director (part-time, increasing from three to four days), then a Head of Finance with a high degree of accounting experience, and towards the end of 2016, we were in a position to replace the Resources Director role, appointing a full-time and permanent COO. In 2017 we appointed a Head of Governance and Compliance (and who is a National Leader of Governance), to support our local governing bodies, as well as compliance requirements across the trust.

Reporting lines

The central team of business and operations staff report to the COO who then reports directly to the Chief Executive. In all cases, the most senior business management and admin colleague for each school is line-managed by the headteacher and the heads are line-managed by local governing bodies (unless the schools require special measures, where the head may be line-managed by the Chief Executive).

The senior business management and admin colleagues in the schools have regular meetings and direct contact with central team staff to support their work, and we know our schools' value this contact. Whilst the central team may operate at a strategic level, such as policy development, financial compliance, joint procurement, IT strategy, governor training and development, estates management and major capital development, colleagues are also involved in supporting schools with operational aspects such as HR casework, recruitment, health and safety compliance, risk management and financial management.

The appointment of an experienced COO and other experienced colleagues into senior central team posts has helped to ensure that the development of a strong finance and operations function, and the project

management of conversions of new schools can take place, whilst allowing the Chief Executive to continue to be involved with direct school improvement support to schools.

Figure 1 2013: Two schools with intention to grow

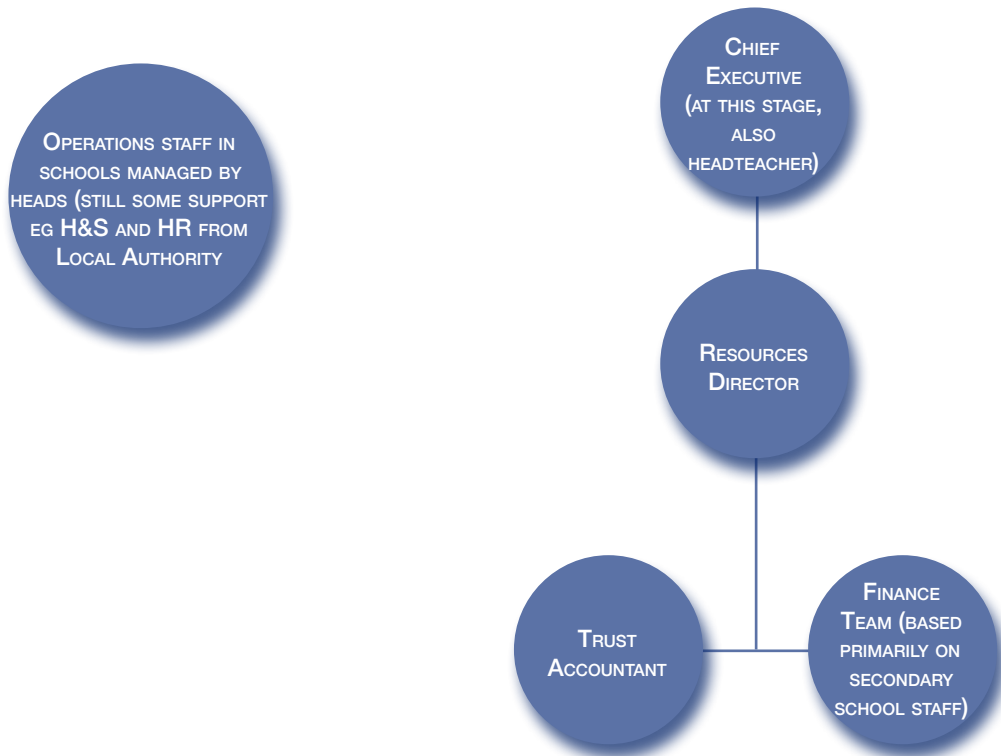
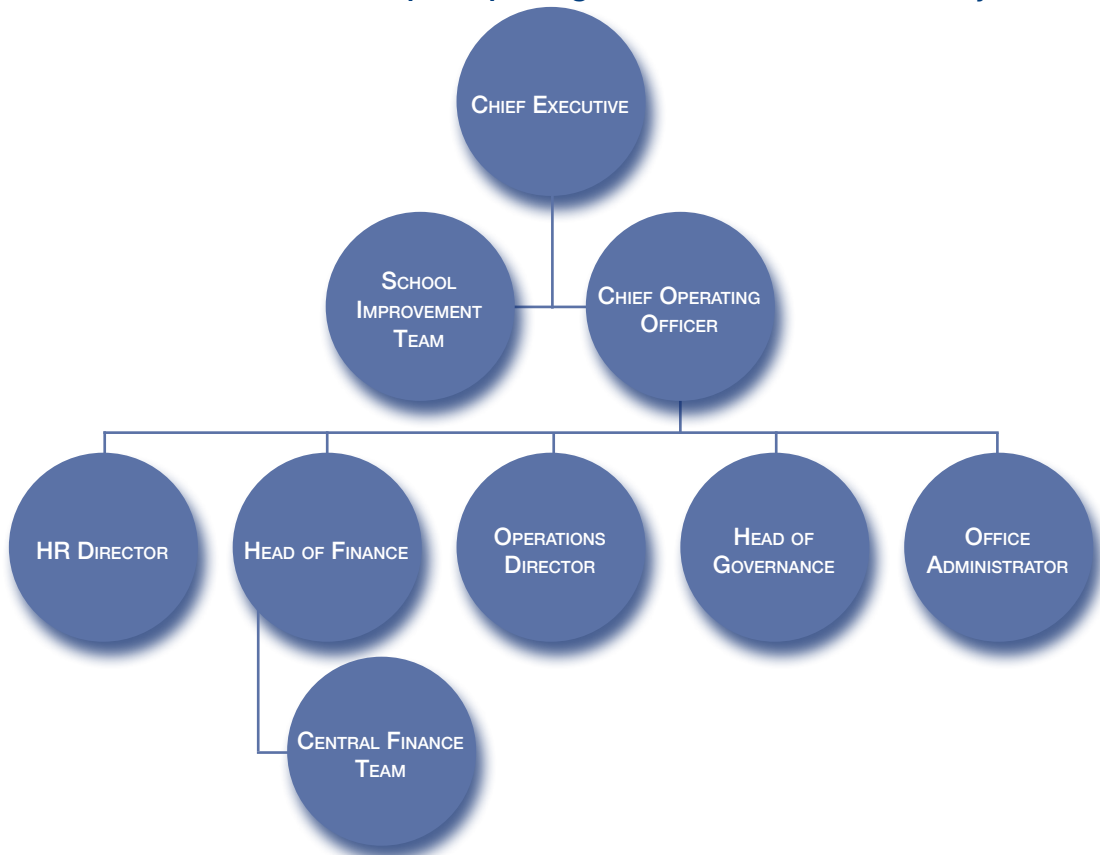


Figure 2 2017: 11 schools, free school in pre-opening, SCITT and others due to join



Case study 2: Faringdon Academy of Schools

Faringdon Academy of Schools formed with a secondary and two primary schools in the market town of Faringdon in April 2012.

Initially, the business management model was entirely de-centralised and the only central posts comprised a part-time Executive Head (two days per week Executive Head, three days per week Head of the secondary school), full-time Business Manager and some part-time administrative support. All of the business management functions from finance, HR, ICT, facilities and governance support continued at each school in exactly the same way they were delivered as maintained schools. The newly-appointed Business Manager coordinated these functions at a central level and met all of the external reporting requirements from the EFA. At this time, many of the services were simply bought back from the local authority.

Trust Expansion

In November 2013, five of the local village primary schools joined as academy schools, expanding the trust from three to eight schools. On conversion, the central team expanded to retain the Executive Head (on same arrangement), full-time Business Manager, an Operations Manager, a Central Finance Manager and some part-time administrative support. Working to the Business Manager, the newly-appointed Operations Manager took responsibility for the majority of the premises-related matters and supported the Business Manager with day-to-day delivery of support activities.

The newly-appointed Finance Manager supported the Business Manager to deliver financial management from a central perspective, including consolidated reporting, budget monitoring, VAT returns and the coordination of the finance officers at the eight academy schools. The trust had a single bank account and common accounting and budgeting software.

Centralising services

In January 2015, the LA had excluded academies from a number of traditional services and following a year-or-so of operating a largely de-centralised model, it became evident that there were efficiencies to be gained by centralising a number of support services. The trust embarked on a support staff organisational review which really challenged the traditional way that support services were delivered across the trust; this experience was an emotive and difficult change management programme, nonetheless, it was the right thing to do.

Post-review the trust established:

- a deputy business and finance manager
- a central finance team, co-located in a single office
- centralised line-management of all premises and catering staff under a new facilities manager
- a central HR officer to standardise HR across the trust
- a central ICT team, to oversee all ICT support to the trust
- an academy secretary role to provide a coherent and consistent level of support to trustees and local governance

The review marked a step change in the professionalisation of support services across the eight schools and provided the capacity for the trust to consider further expansion. The review was funded in the most part by savings created by reducing support posts at member schools and by moving away from expensive third-party support contracts. A diagram of the current structure is shown in Figure 3. Faringdon Academy of Schools is

currently seeking to merge with another multi-academy trust. This will provide further opportunities to centralise key services, albeit ensuring sufficient capacity is retained in each hub. An early proposal for support services is provided in Figure 4.

Figure 3; Faringdon Academy of schools business management model (central staff)

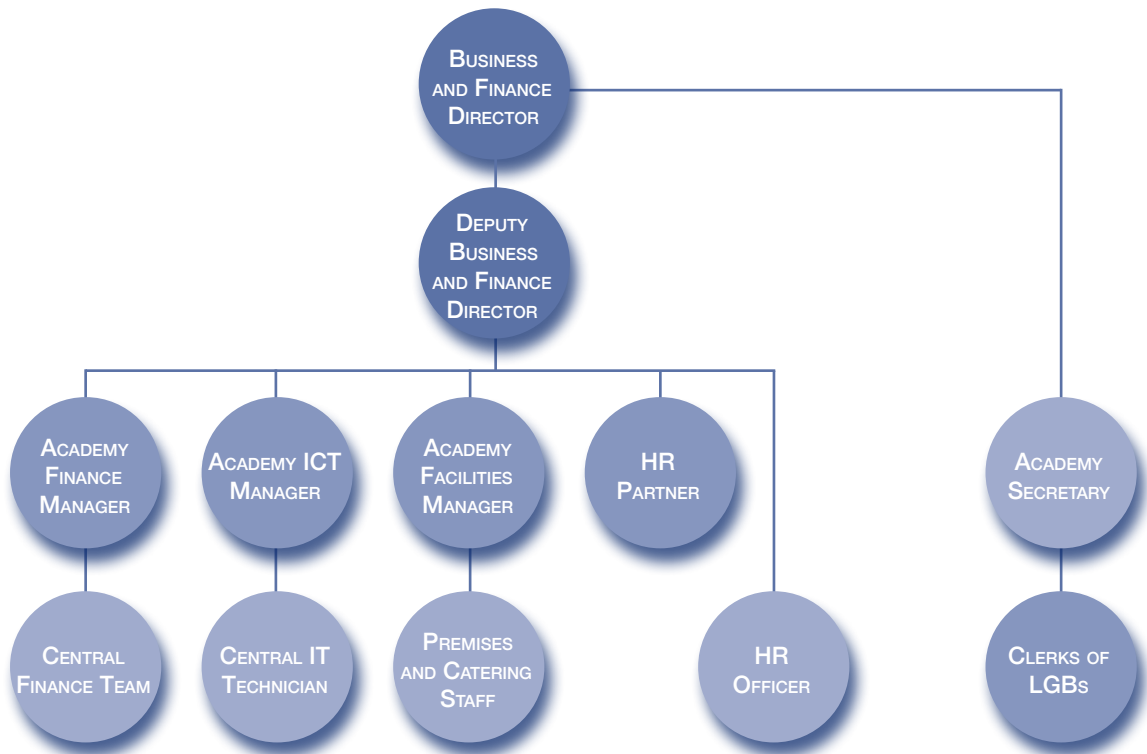
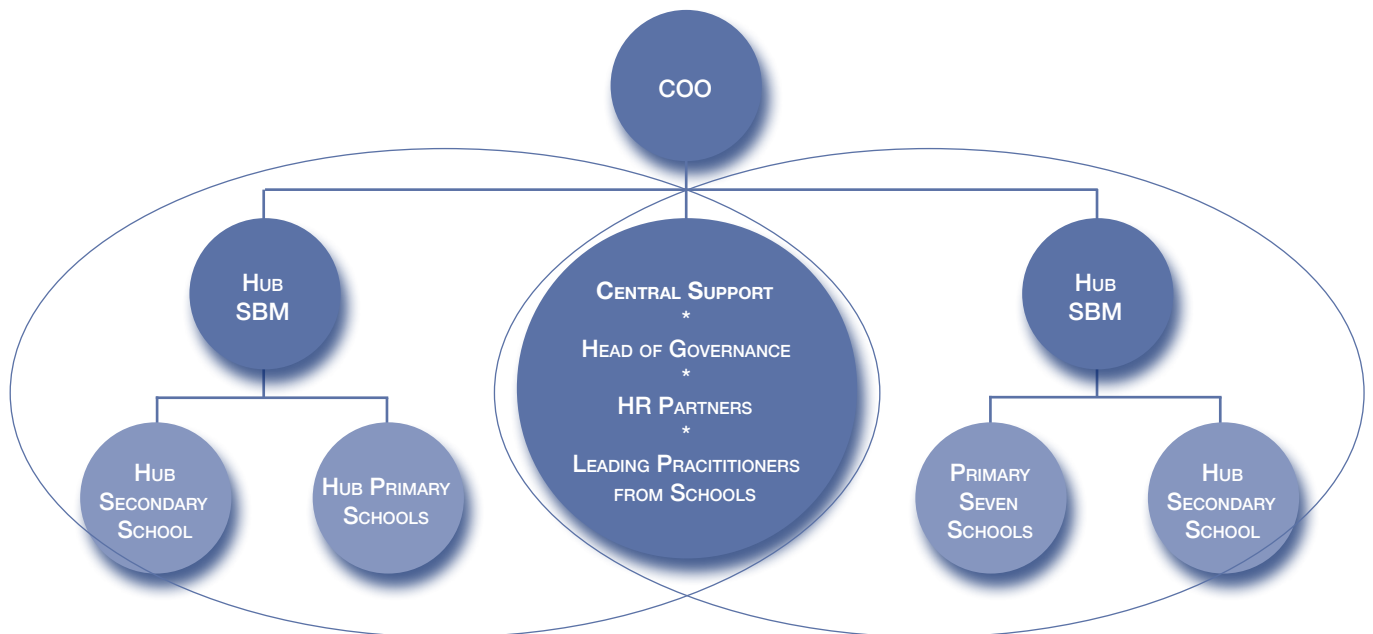
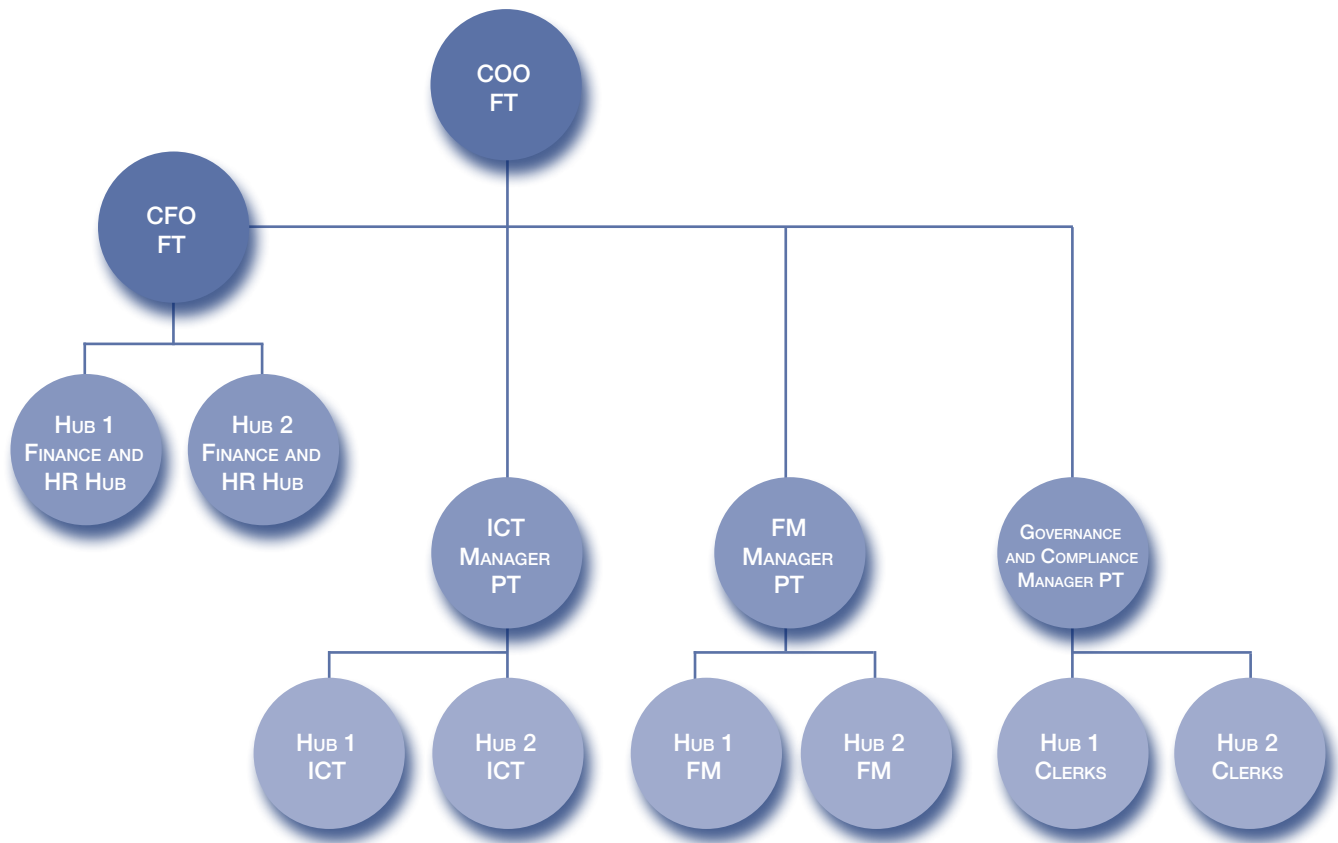


Figure 4: Faringdon Academy of Schools Options for expanding the trust to include another hub



Many thanks to Paul James, CEO, River Learning Trust and John Banbrook, BDM, Faringdon Academy of Schools, Faringdon for providing the case studies.

Figure 5: Amended support structure model



6 Further information

ASCL, NGA and Browne Jacobson, [Considering forming or joining a group of schools](#)

ASCL, NGA and Browne Jacobson, [Forming a multi-academy trust](#)

ASCL, [Pay and Conditions for School Business Leaders](#)

ASCL, [Professional development planning for school business leaders](#)

DfE, [Expanding your academy trust: resources for multi-academy trusts](#)

DfE, [Governance handbook and competency framework](#)

DfE, [Due diligence in academies and maintained schools](#)

ESFA, [Academies Financial Handbook](#)

ESFA, [Academy trust financial management good practice guides](#)

ISBL, [Professional Standards](#)

NGA, [Executive pay: considerations for trust boards](#)

[Regional Schools Commissioners, about us.](#)

Hayley Dunn, Business Leadership Specialist

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Association of School and College Leaders

130 Regent Road, Leicester LE1 7PG

T: 0116 299 1122 | E: info@ascl.org.uk | W: ascl.org.uk | Tw: [@ASCL_UK](https://twitter.com/ASCL_UK)