



## Multi-academy trusts Academy schools factsheet

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# A summary guide to understanding multi-academy trusts.

A multi-academy trust (MAT) is a single entity established to undertake a strategic collaboration to improve and maintain high educational standards across a number of schools. A group of schools form a single MAT which has overarching responsibility for their governance.

The MAT is accountable for the performance of each school in the group, although each can still have their own governing body which operates subject to delegation of power from the MAT.

A master funding agreement with the MAT, and supplemental funding agreements with each individual school, is signed by the Secretary of State for Education.

If your academy is part of a MAT, all staff will be employed by one employer and the trust can share the additional reporting responsibilities required of an academy.

### COMMITTEE STRUCTURE

MATs can adopt various structures. The Board of Directors, or Trustees, will sit at the top with ultimate responsibility for the governance of the trust. Commonly this board of directors will comprise key individuals from the larger academies within the trust. However, this does not necessarily have to be the case. One academy, perhaps the largest or best performing, will often be deemed to be the MAT sponsor, and may be granted the right to appoint the majority of directors. This will be decided at the point the MAT is formed and your solicitors will be able to provide advice and draw up suitable articles.

The directors are accountable to the members, who have certain rights under company law. Subject to the articles, the members generally have powers to appoint directors to the board. Trust members should

be individuals, or corporate sponsors, who intend to be involved for the longer term. It would be commonplace for an Executive Headteacher, or Chief Executive, to be appointed as one of the directors.

The board may choose to establish various committees, for example:

- **Audit committee:** most MATs, other than those consisting of a low number of small primary schools, will find they are obliged to have an audit committee to comply with the Financial Handbook;
- **Finance committee:** perhaps incorporating personnel, pay and performance; and
- **Education standards committee.**

Most MATs then have their own Local Governing Body (LGB) which is responsible for making day to day decisions at their academy, of course with support from the academy's Headteacher and Senior Leadership Team. The amount of responsibility delegated to the LGB and the Senior Leadership Team would normally be set out in terms of reference. It is key to establish and agree a balance between central direction and local autonomy whilst ensuring that across the trust there are common systems and procedures where required.

### TOP-SLICING

Larger MATs, and some smaller MATs, will operate a central trust function. This central function may employ the Chief Executive, Finance Director and incur other central costs, such as audit fees, which are shared across the trust.

Individual academies may be asked to contribute to the central trust through what is often referred to as 'top-slicing'.



There are clear advantages to the MAT structure... however, there are also risks.



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This typically involves a percentage of each academy's General Annual Grant (GAG) income being passed to the central trust function; the level of financial contribution is often varied according to performance so that high performing academies that need and receive less central support are required to make a lower contribution.

## ACCOUNTING ISSUES

Financial statements are prepared at trust level and it is therefore important that someone within the trust takes responsibility for overseeing finance at this level. Most MATs, certainly larger ones, will employ a Finance Director. This leaves the individual School Business Managers to concentrate on day-to-day matters at their academies.

The accounts include very little information about individual academies. In 2013 the Education Funding Agency (EFA) introduced additional disclosures to add some transparency over finances in individual schools. Disclosures include:

- identify the share of funds attributable to each academy at the end of the current period (other than pension reserve, fixed assets and endowment funds if present);
- provide a narrative describing the action being taken by any academy in respect of which the total of these funds is a deficit;
- identify the amounts spent during the period by each academy on teaching and educational support staff, other support staff and educational supplies; and
- details of any central charges that the trust made to its constituent academies during the year, describing the types of central services provided to the academies by the trust during the year, the policy for charging for those central services and the actual charges placed on each academy for the services during the year.

It is also important to remember that the trust level accounts should only include external income and expenditure. Where there are any charges or transactions taking place between schools these need to be eliminated.

## VAT

Since the VAT registration threshold applies to the trust (currently £81,000 from April 2014), it follows that MATs may find themselves more likely to need to register for VAT. Taxable income will need to be monitored across all academies in the trust, highlighting the importance of someone, like a Finance Director, taking responsibility for financial matters at trust level.

Should the trust exceed the VAT threshold, all academies within the trust would need to charge VAT on taxable supplies.

## THE PROS AND CONS OF MATS

There are clear advantages to the MAT structure. Undoubtedly, the formal structure allows more school to school support so that weaker or smaller schools can benefit from the experience and skills evident in stronger or larger schools.

MATs also encourage economies of scale in shared services such as finance and administration and the academies within the MAT can often negotiate preferable contracts and services, improving value for money.

The trust itself is the employer of all the staff, rather than the individual academies. This makes it far easier to transfer staff resources across all academies within the trust.

However, whilst there are advantages, the MAT structure it is not for everyone; there are also risks.

There is a danger that as the MAT grows it may become increasingly difficult to ensure consistent systems and procedures are applied across the trust. Directors of the trust, who have ultimate responsibility for governance matters, may feel that it is difficult to take on this responsibility for schools that they have had no day-to-day involvement with.

Expectations at individual academies need to be managed. Some may have joined the MAT voluntarily, others may have been forced into joining because of poor educational results or weak governance structures. Individual academies may feel that their own independence is threatened and there is always a risk that, should one of the academies in the trust fail, this will affect the reputations of all the schools in the trust.

It is also worth noting that several of the EFA investigation reports into academies issued in the last year have been in respect of MATs.

## THE NEXT STEP

If you would like to discuss the needs of your school in forming or joining a MAT, or would like to understand more about the many ways in which we support our existing MAT clients, we would advise a meeting with one of our specialist academy advisers. Find your local team at [www.uhy-uk.com/academy-schools](http://www.uhy-uk.com/academy-schools).