Multi-Academy Trusts

The procurement landscape

Final report published March 2019

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Introduction

In November 2016 BESA published the first comprehensive research report examining the purchasing behaviours of multi-academy trusts. The report identified a number of important challenges within the trust sector and was widely acknowledged as instrumental in changing the way suppliers approach this complicated market.

Two years on BESA re-commissioned The Education Company to repeat and extend the research. The results of this research are detailed within this report.

Ultimately, the desire for central procurement has not changed but the size and shape of the market has. For many products/services centralised procurement has increased, but for others it has either stalled or decreased. Trusts are considerably more focused on controlling the purchasing of EdTech than they are exercise books. The market remains diverse and challenges.

We hope the insights identified in this report will support BESA members in the their mission to support the delivery of positive outcomes in UK schools.

Context

For the purpose of this research, a Multi-Academy Trust (referred to as a Trust within this report) was defined as a Trust containing 2 or more schools.

Purpose

In 2016, BESA and The Education Company delivered a research project investigating the method and scale of centralised procurement in multi-academy trusts. This report updates those findings and examines the direction of travel.

Numbers

240 Trusts were interviewed as part of this research, just over 20% of the total market.

Research Participants

All participants were either Trust CFOs or CEOs.

Dates

The research was carried out between July 2018 and February 2019.

Multi-Academy Trusts

Size, growth & context

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Size and number of Trusts

Size Band	No of Trusts	Secondary schools	Primary schools	Total Schools
2 Schools	294	228	297	525
3 Schools	221	194	420	614
4-5 Schools	282	264	844	1,108
6-11 Schools	259	438	1,452	1,890
12-25 Schools	85	253	1,010	1,263
26+ Schools	29	293	697	990
TOTAL	**1,170**	**1,670**	**4,720**	**6,390**

47%

of secondary schools are in multi-academy trusts *

Trusts operate only in

England

28%

of primary schools are in multi-academy trusts *

* These numbers excludes **single school** academy trusts

Numbers correct as of March 2019

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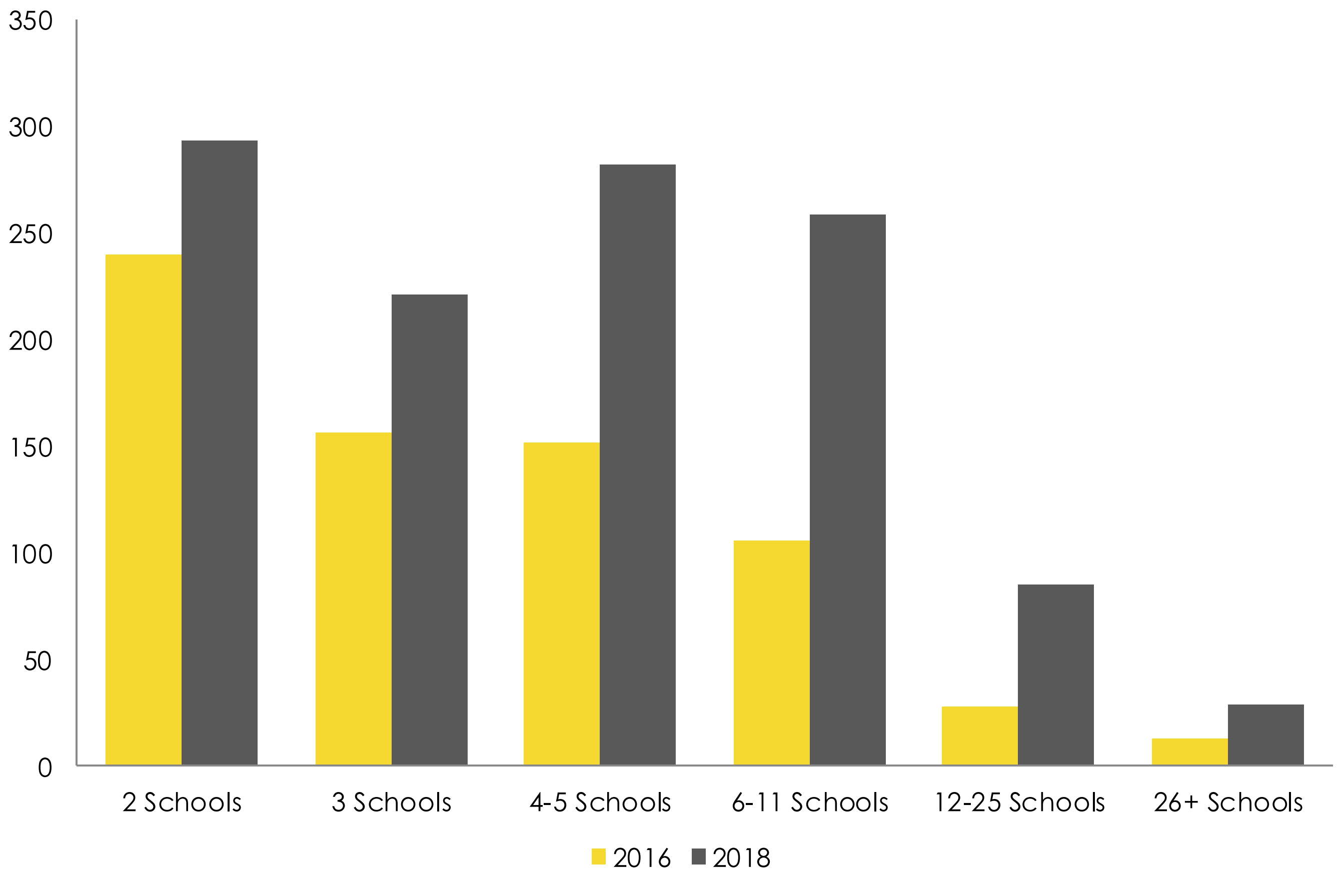
The changing size of trusts



Trust Size	2016	2018	% Growth
2 Schools	240	294	22.5%
3 Schools	157	221	40.8%
4-5 Schools	152	282	85.5%
6-11 Schools	106	259	144.3%
12-25 Schools	28	85	203.6%
26+ Schools	13	29	123.1%

Since the start of 2017, the number of multi-academy trusts has increased by ***68%.*** *Most of the growth has been driven by single-academy trusts becoming multi-academy trusts, however, there has been a lot of movement between trusts which has created a very different trust landscape.*

Trusts are much larger than they were in 2016*. The number of 12-25 school trusts has increased by 203% compared to a growth of just 22% for 2 school trusts.*

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Where are they now?

Size in 2018

Size in 2016

	2 Schools	3 Schools	4-5 Schools	6-11 Schools	12-25 Schools	26+ Schools
1 School	42.4%	24.7%	12.3%	12.1%	7.5%	1.0%
2 Schools	49.2%	24.2%	16.7%	9.2%	0.4%	0.4%
3 Schools		40.1%	35.0%	22.3%	2.5%	
4-5 Schools			48.7%	42.8%	8.6%	
6-11 Schools				62.3%	37.7%	
12-25 Schools					50.0%	50.0%
26+ Schools						100.0%

Only 49% of trusts that contained 2 schools in 2016 still contain 2 schools today. The rest have grown through acquisition or merger.

A similar story exists elsewhere, with over 50% of trusts now classified in a larger size band.

Multi-Academy Trusts

Centralised purchasing: The barriers and the benefits

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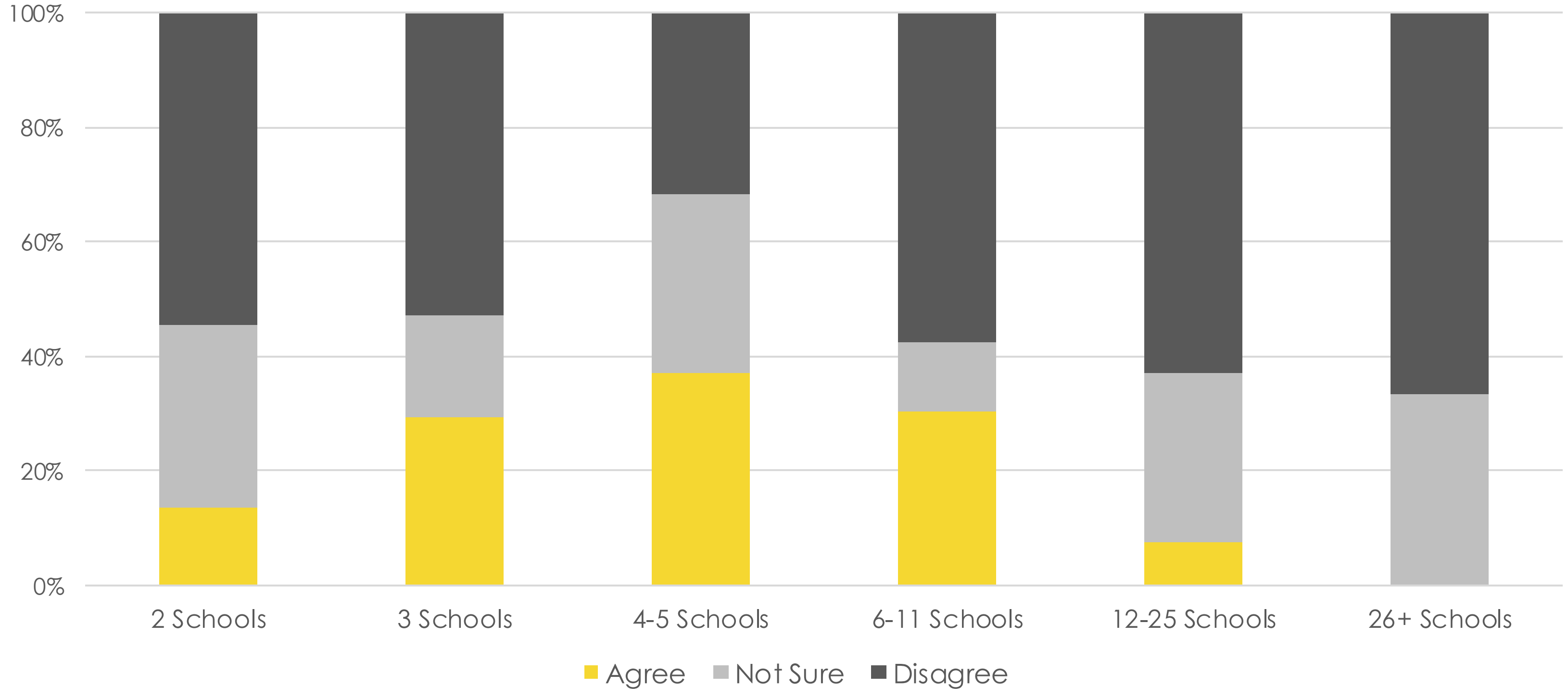
Centralised Purchasing

"The time it takes often outweighs the financial benefit"



*In 2016 our research clearly identified a **problem in the middle**. Central procurement of goods and services was happening in small and large trusts. However, medium sized trusts (those defined as 4-11 schools) were not centralising purchasing to the same extend.*

The same problem exists today with almost 40% of medium sized trusts stating that it takes too much time to cost effectively centralise purchasing.

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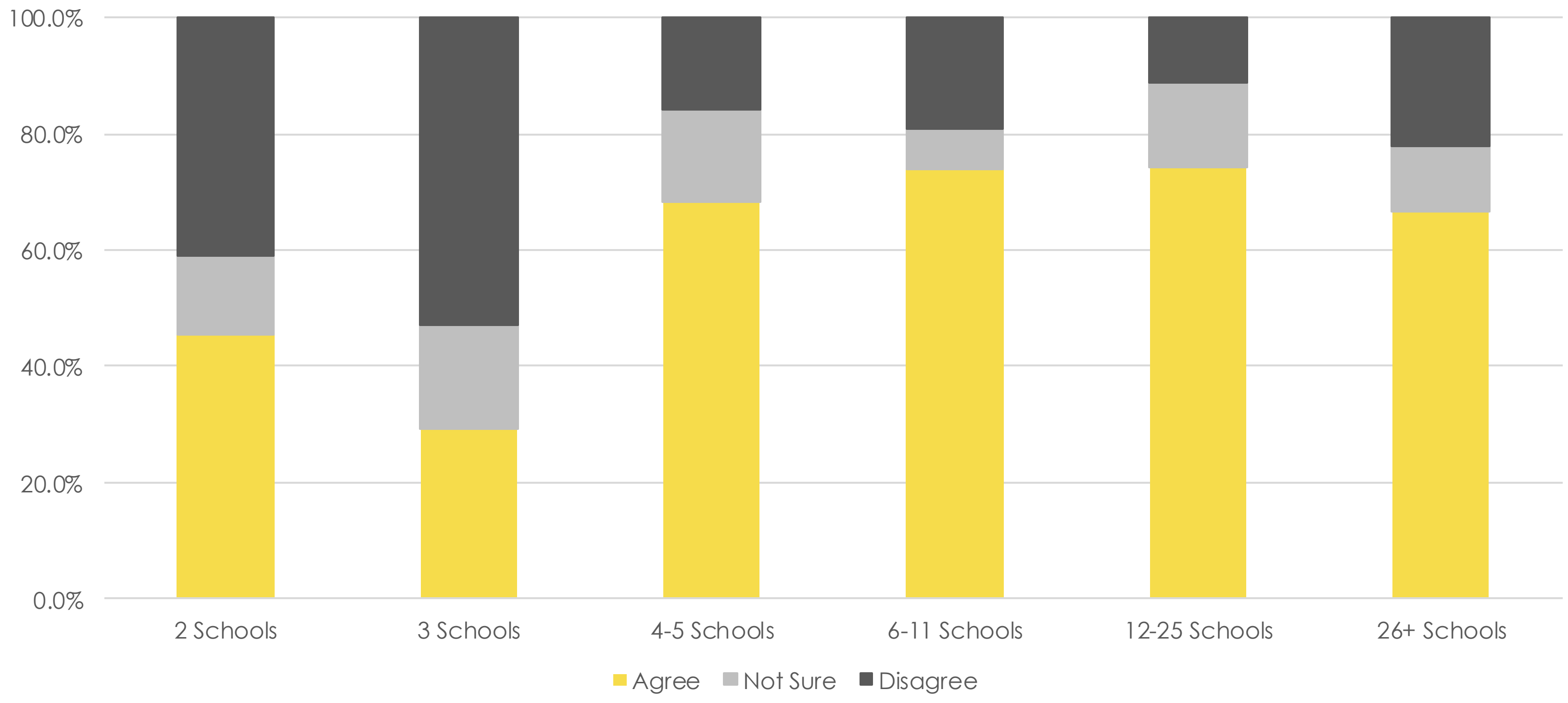
Centralised Purchasing

"The senior leaders in our schools don't want to lose control of purchasing"



The larger a trust becomes the more likely it is that the school senior leaders will be a barrier to centralised purchasing.

Recurring interview themes were:

- *Challenges getting agreement*
- *The schools ultimately have their own budgets*
- *Long held habits and processes difficult to breakdown*
- *Professional pride*
- *Desire for control*

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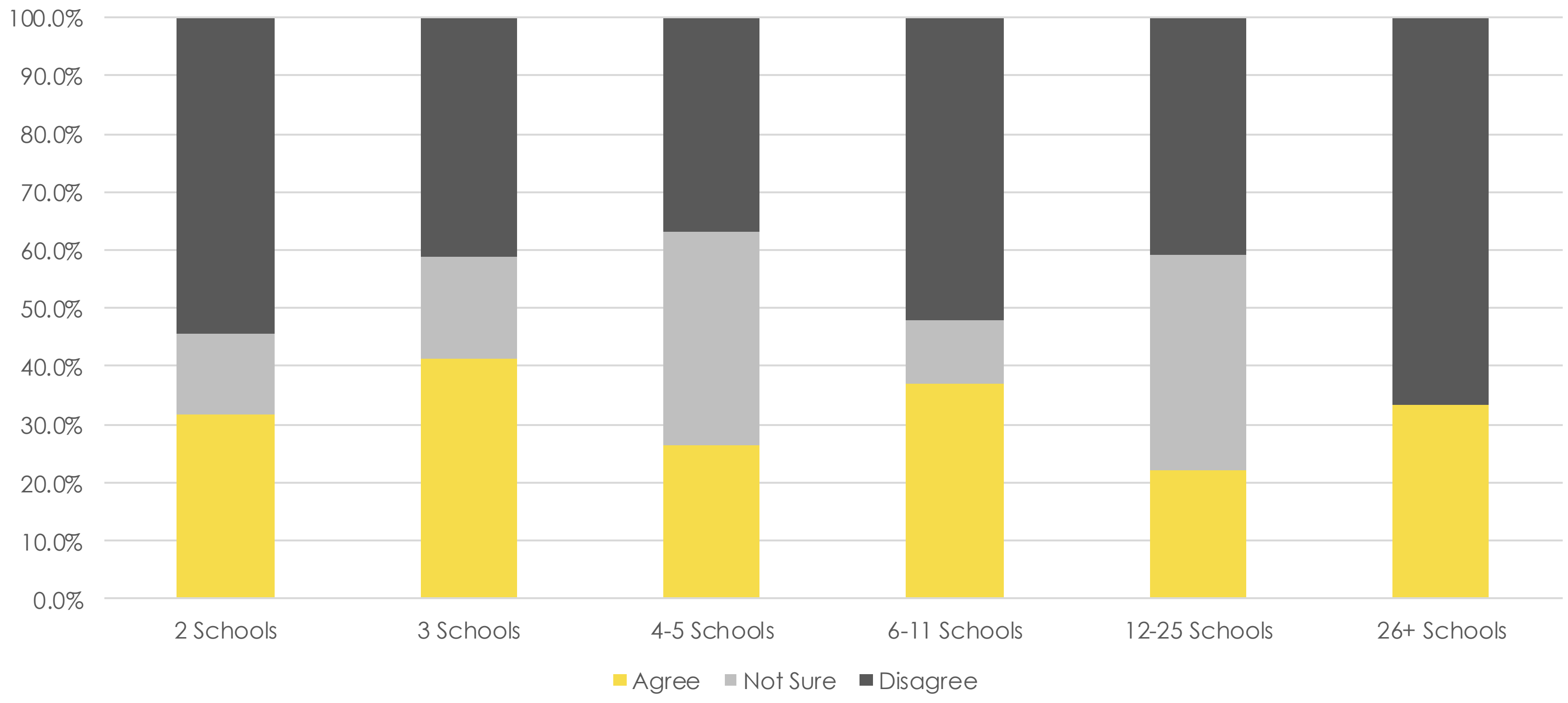
Centralised Purchasing

"Our schools' requirements vary too much to make centralised purchasing viable"



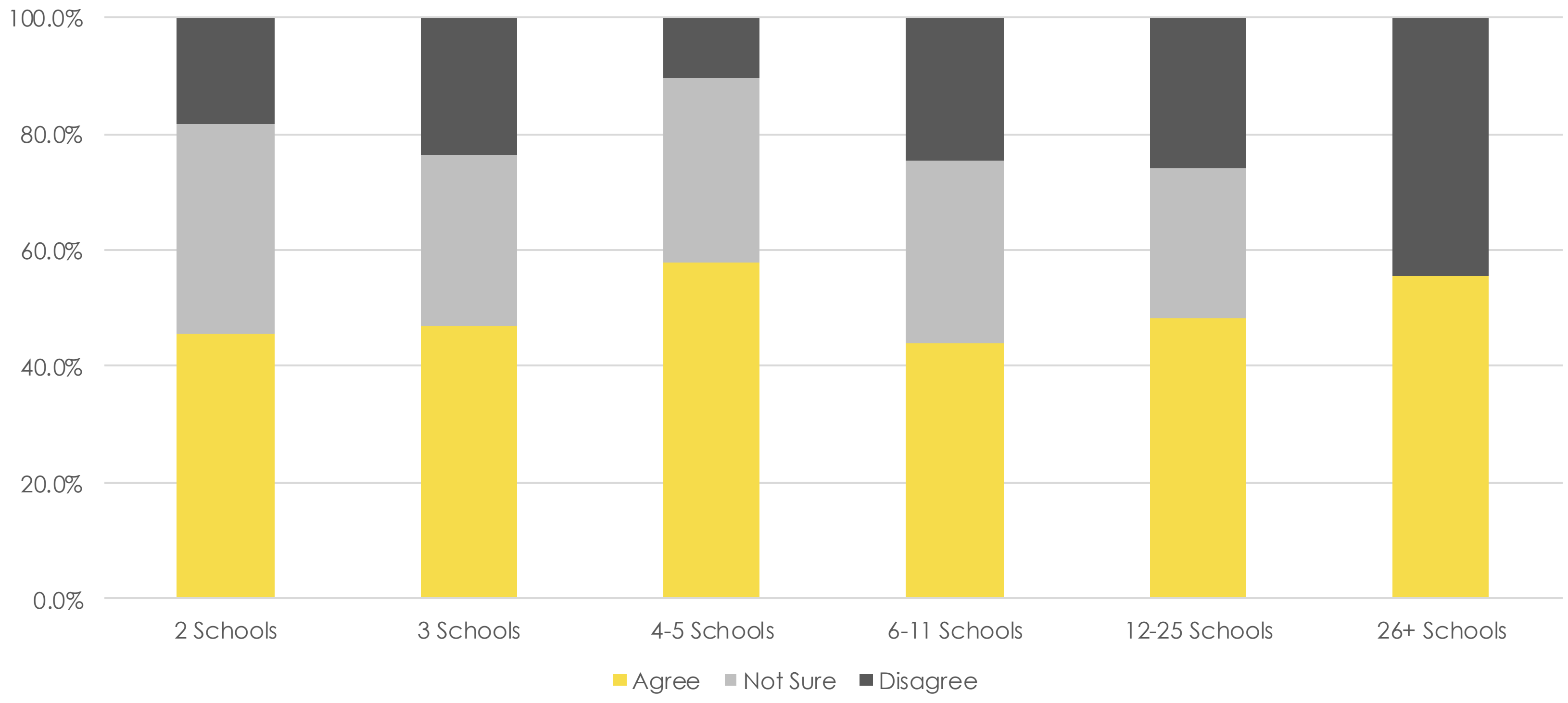
*"if only I had cookie cutter schools" – **Large Trust CFO**.*

The model that has partially driven the growth of trusts (i.e. failing schools forced to join existing trusts) goes some way explains why there is so much variation in culture and need across the schools in a specific trust.

Despite these variances, most trusts still consider central purchasing a viable and appealing idea.

Centralised Purchasing

"Education suppliers **do not** offer financial incentives for centralised purchasing"



A significant opportunity for education suppliers.

Most CFOs and CEOs in trusts are not sure, or do not believe, that suppliers offer financial incentives for centralised purchasing.

We studied over 100 leading education supplier websites and fewer than 20% had Trust specific calls to action on their homepage. In almost every case discounts were available for trusts but were not clearly communicated.

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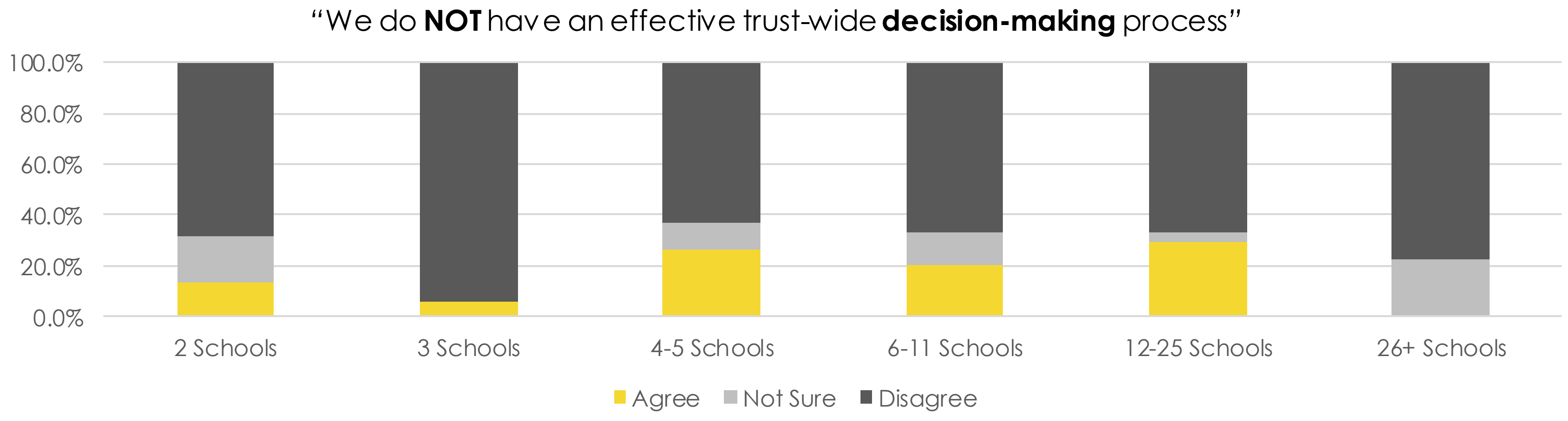
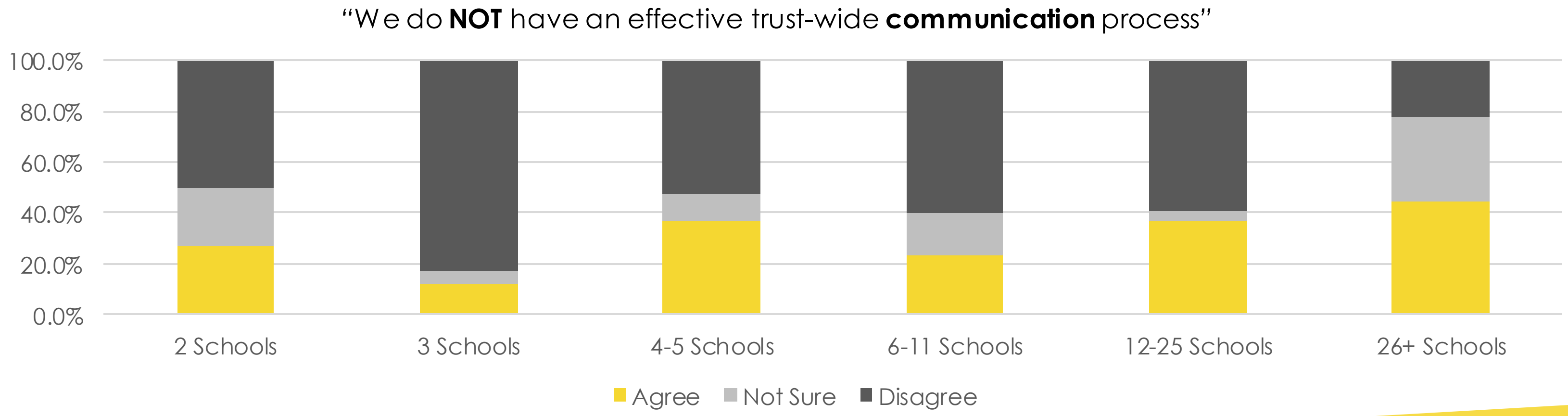
Centralised Purchasing

“Decision making and communication”





*The vast majority of trusts believe they have **effective decision-making processes**, although many think their **communication processes** are less effective.*

This is most starkly illustrated in the very large trusts who overwhelmingly stated that they make decisions effectively but few were confident they could communicate / enforce those decisions.

This supports anecdotal supplier experience where deals made at MAT level are not always adopted by the individual schools.

Centralised Purchasing

Interview themes – "the barriers to centralised procurement"

The message to suppliers is clear, if you want to sell at trust level you will need to help support the procurement processes.

Pre-contract *- suppliers should expect to support the trust in communicating benefits to their schools and support the decision making process.*

Post-contract *- suppliers should expect to support the communication and adoption of the product or service by the schools in the trust.*

Centralised Purchasing

Summary

23%
of trusts believe that the time it takes to organise central procurement negates the benefits

33%
of trusts believe there is too much variety in their schools for central procurement to be effective

58%
of trusts believe resistance from their senior leaders is a barrier to central procurement

40%
of LARGE trusts don't believe they have the communication processes in place for effective central procurement

48%
of trusts do not recognize that education suppliers offer trust wide discounts

Multi-Academy Trusts

Centralised purchasing: The current landscape

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Centralisation : 2016 vs 2018

Back office / infrastructure

2016

83 % of Trusts are involved in decision making for at least one product / service

2018

94 % of Trusts are involved in decision making for at least one product / service

Teaching and Learning

2016

75 % of Trusts are involved in decision making for at least one service

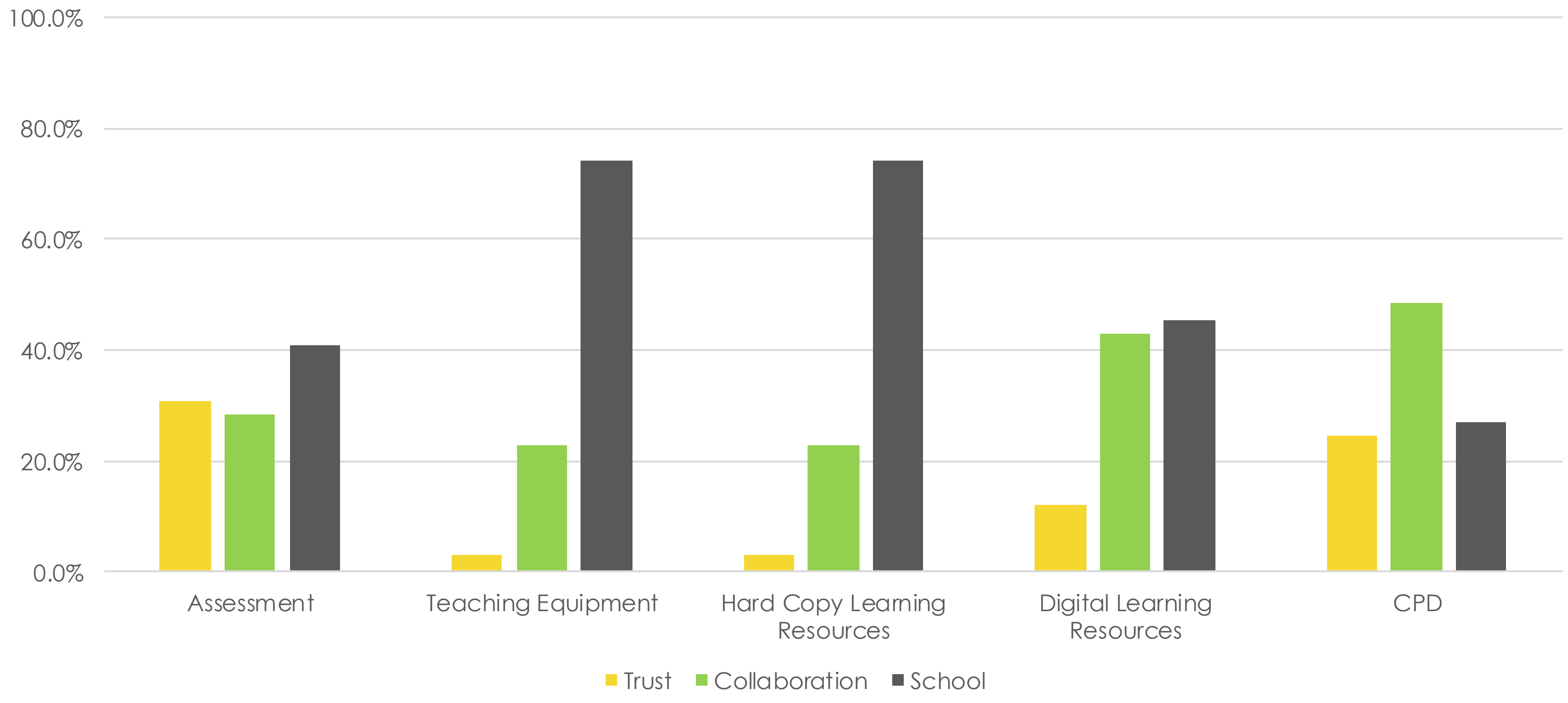
2018

91 % of Trusts are involved in decision making for at least one service

In 2016 the direction of travel was clear. Trusts were committed to the delivery of centralised procurement.

Two years on we can see that almost every trust (90% +) has centralised the purchasing of at least one product or service.

Who chooses the teaching & learning resources?



Focusing on teaching and learning resources we see a distinct difference in purchasing behaviour between physical & digital product.

Trusts are far more interesting in controlling / influencing the procurement of (EdTech) ***digital resources.***

The procurement of teaching equipment (pens, exercise books etc) is overwhelmingly managed by individual schools.

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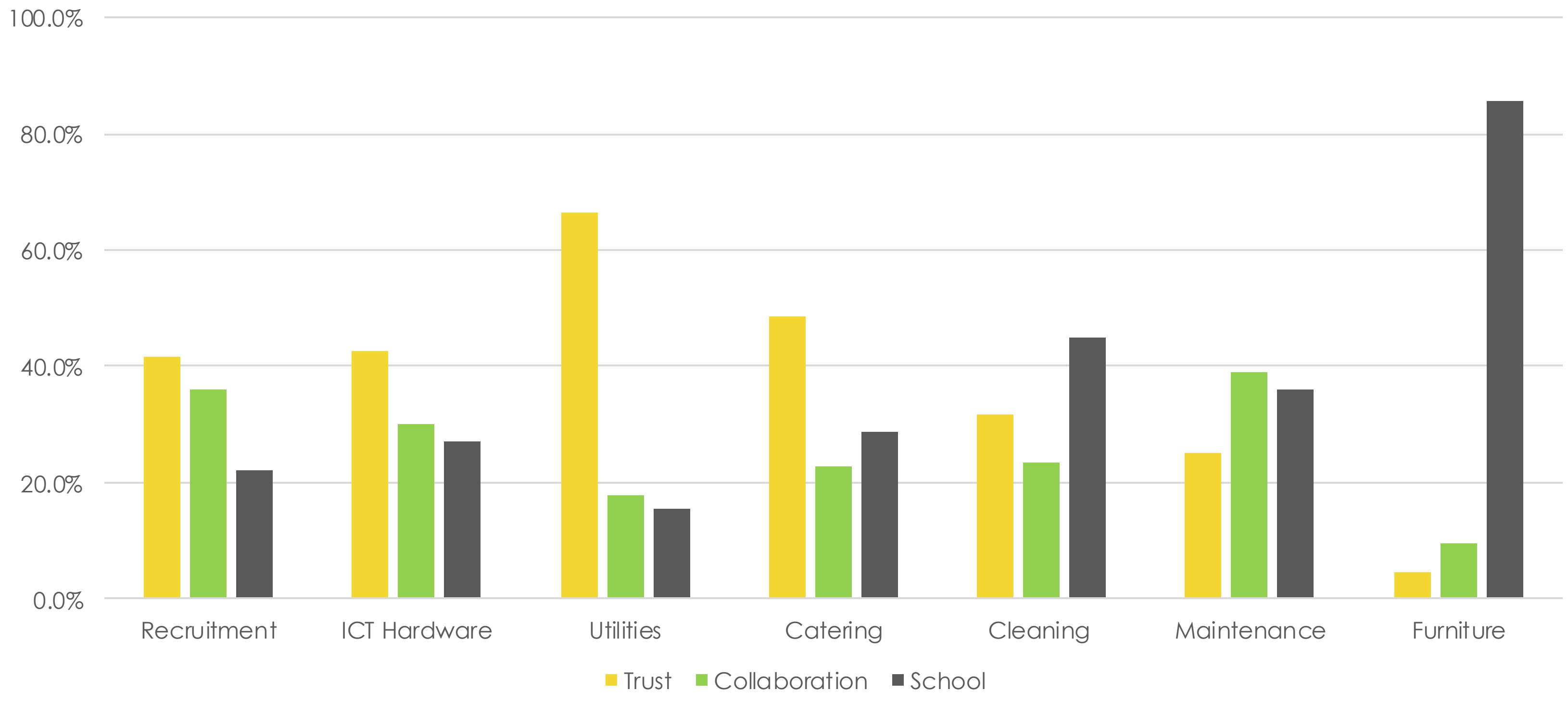
Who chooses the back office and infrastructure suppliers?



With the exception of ICT hardware, there appears to be a correlation between the physical size of a product and purchasing control being retained by the school.

Could this be driven by the administrative burden of multiple delivery points?

Specialist provision such as utilities, catering and recruitment are heavily influenced by the trusts.

How does propensity to centralise change with size?

Increases

- Assessment
- Digital Learning
- Recruitment
- Utility contracts
- Catering contracts

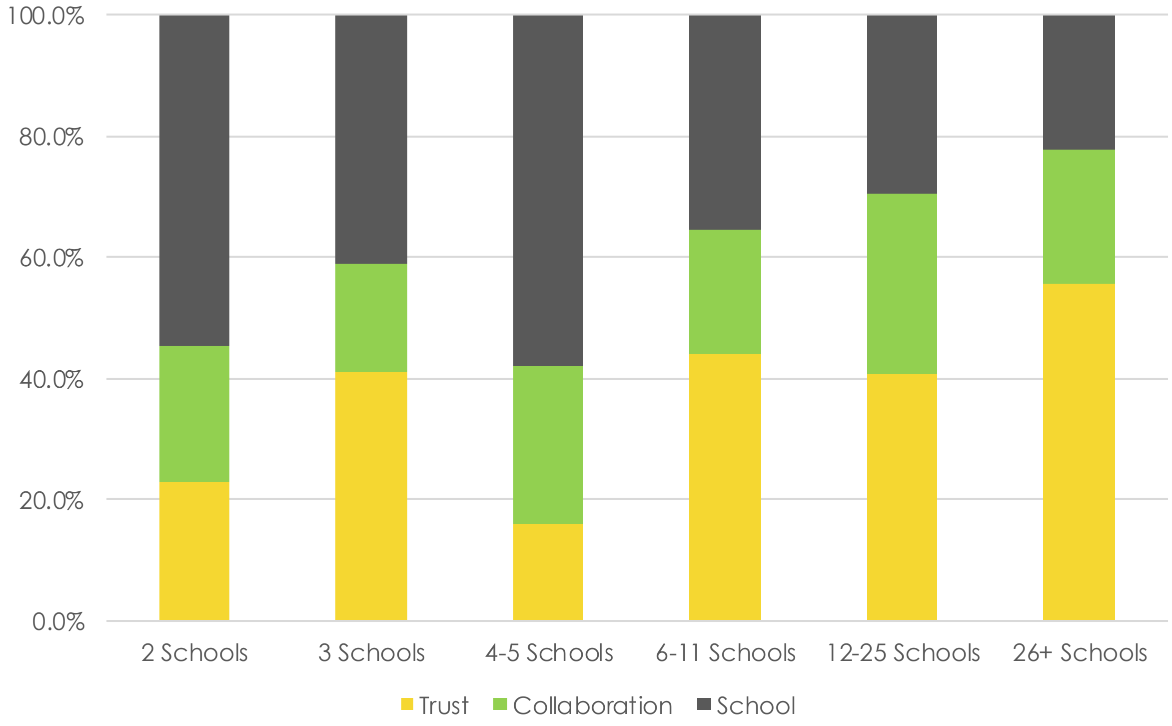
Decreases

- Hard copy learning resources
- Teaching equipment
- Cleaning contracts

There appears to be an optimum size for the central procurement of ***specific products****. It is not always true that the larger the trust the more likely they are to centralise. It varies from product to product.*

For physical products the likelihood of central purchasing ***DESCREASES*** *as the trusts increase in size.*

Who chooses the assessment provider?



The numbers

60% of trusts are involved in the selection of their schools' assessment provider.

The trend

Centralisation becomes ***more likely*** in larger trusts.

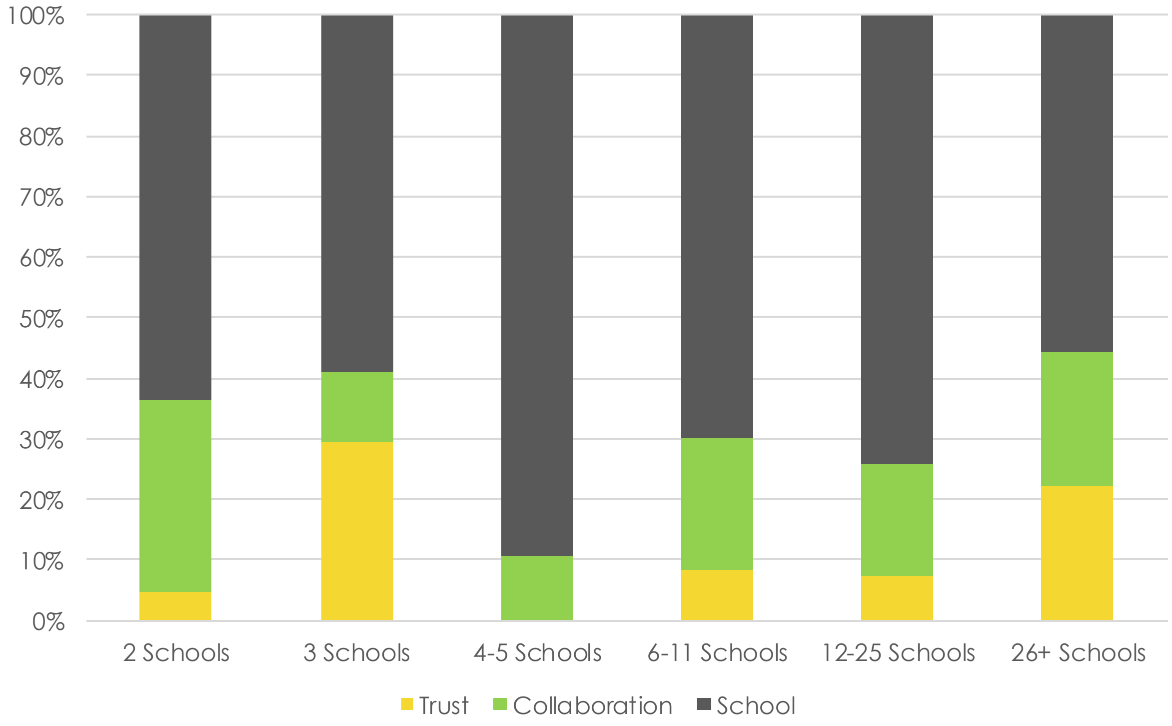
2016 vs 2018

There has been a **5% increase** in centralised purchasing of assessment since 2016.

Comments

The lowest point of centralisation is ***once again*** seen in the 4-5 school trusts.

Who chooses the teaching equipment/resource products?



The numbers

30% of trusts are involved in the selection of equipment & resources for their schools.

The trend

Centralisation becomes ***LESS likely*** in larger trusts and only matches the behaviours of small trust when the trust is very large,

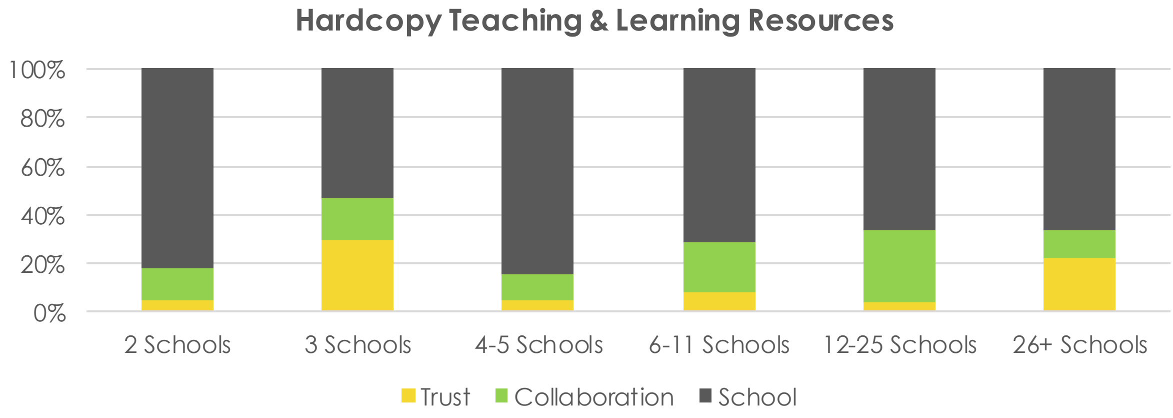
2016 vs 2018

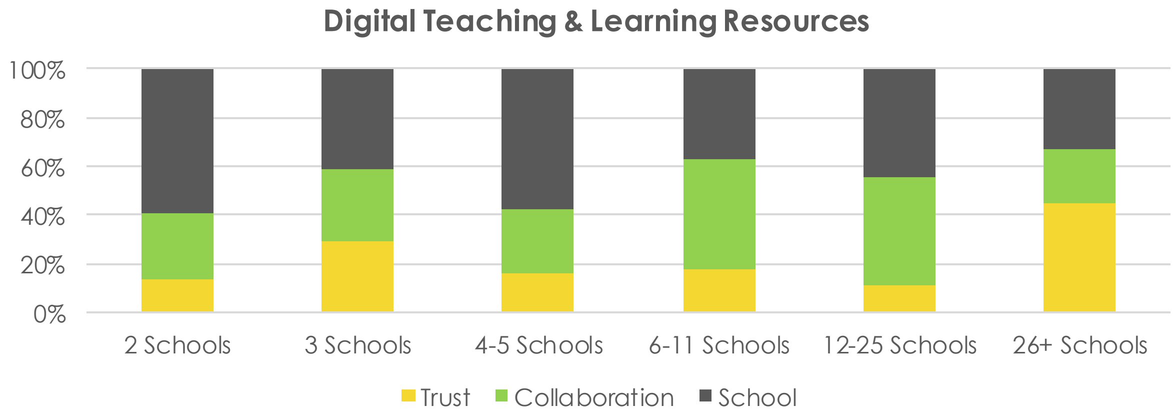
There has been a **20% DECREASE** in centralised purchasing of teaching equipment & resources since 2016.

Comments

There is a dramatic drop in centralisation in the 4-5 school trusts.

Who chooses the teaching & learning resources?





The numbers

Only 29% of trusts are involved in the selection of their schools' hardcopy resources **HOWEVER, 56%** are involved in the selection of digital resources..

The trend

Centralisation becomes ***more likely*** in larger trusts but the trend is driven by digital purchases.

2016 vs 2018

There has been a **28% increase** in centralisation of teaching and learning resources since 2016 BUT once again driven almost entirely by digital purchases.

Comments

Suppliers selling blended (physical and digital) solutions should carefully consider the consequences of these distinct behaviours.

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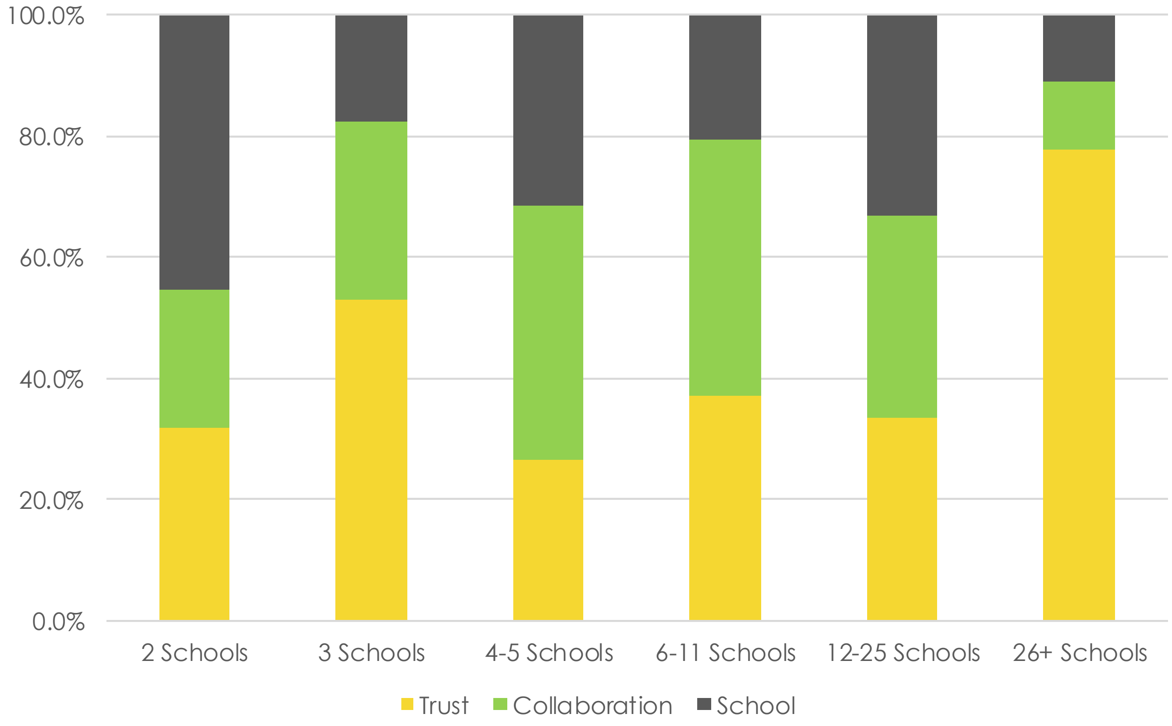
Who chooses the CPD provider?



The numbers

74% of trusts are involved in the selection of their school's CPD provider.

The trend

Centralisation is so high that a strong trend is absent from the data.

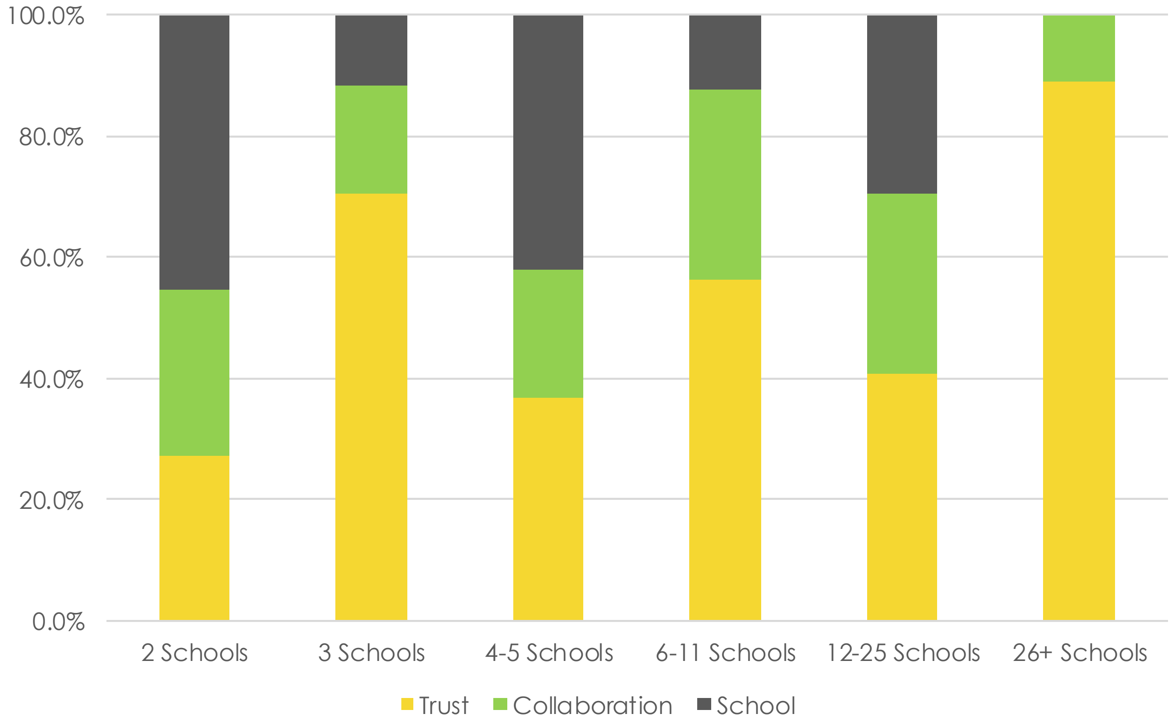
2016 vs 2018

There has been a **16%** increase in centralisation since 2016.

Comments

The 2016 research identified a strong desire for trusts to bring CPD provision in house. This continues to be the case.

Who chooses the recruitment solution/provider?



The numbers

78% of trusts are involved in the selection of their schools' recruitment solution/provider.

The trend

Centralisation is so high that a strong trend is absent from the data.

2016 vs 2018

There has been a **4%** increase in centralisation since 2016.

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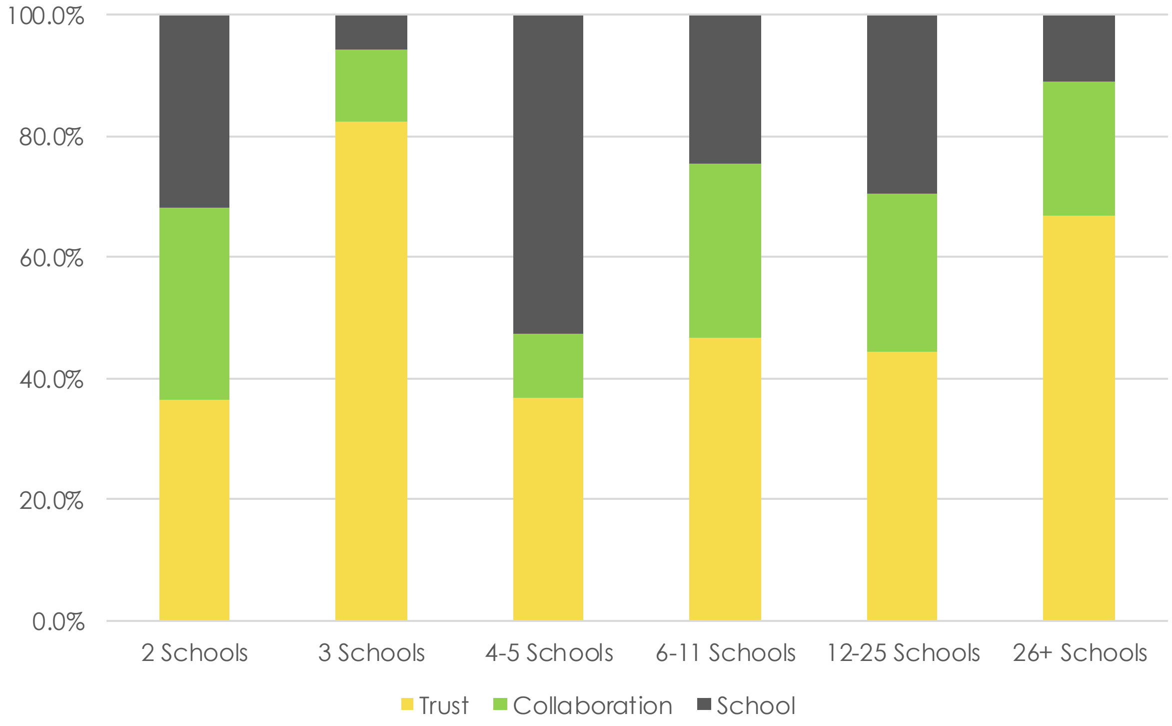
Who selects the ICT hardware provider?



The numbers

73% of trusts are involved in the selection of their schools' recruitment solution/provider.

The trend

Centralisation is so high that a strong trend is absent from the data.

2016 vs 2018

There has been a **2%** increase in centralisation since 2016.

Comments

We are seeing a strong signal that medium size trusts are struggling to centralise their ICT provision compared to the trusts smaller and larger than them.

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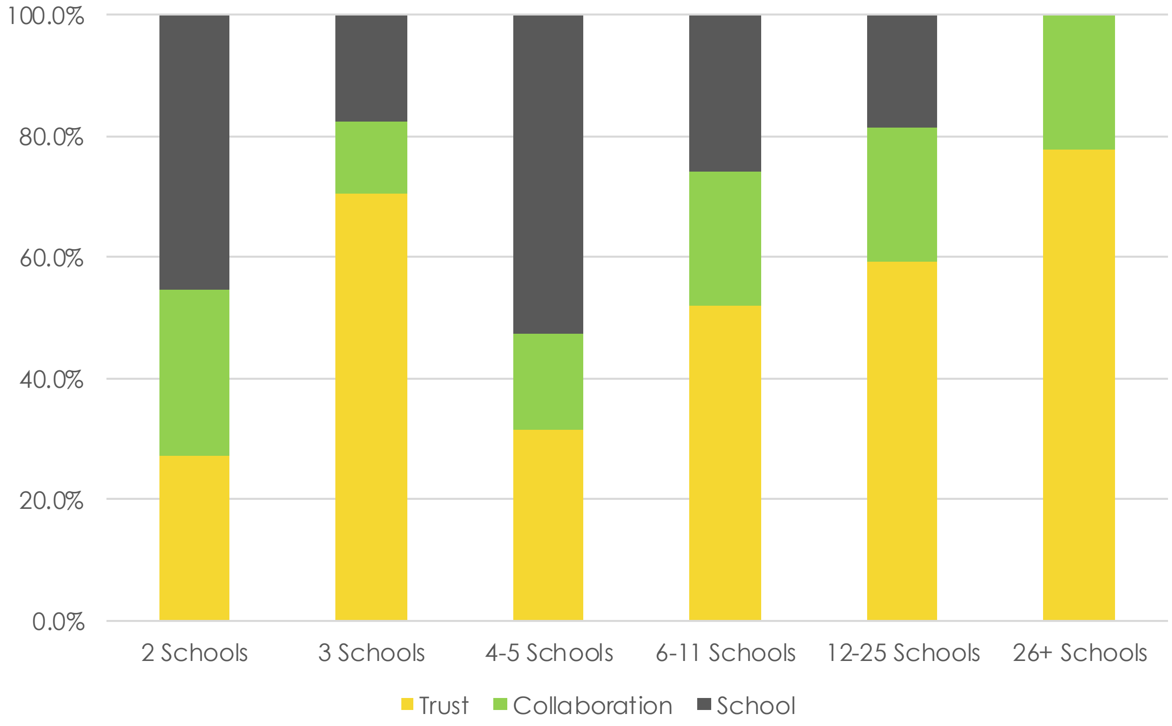
Who selects the catering supplier?



The numbers

72% of trusts are involved in the selection of their schools' catering supplier.

The trend

Centralisation is so high that a strong trend is absent from the data.

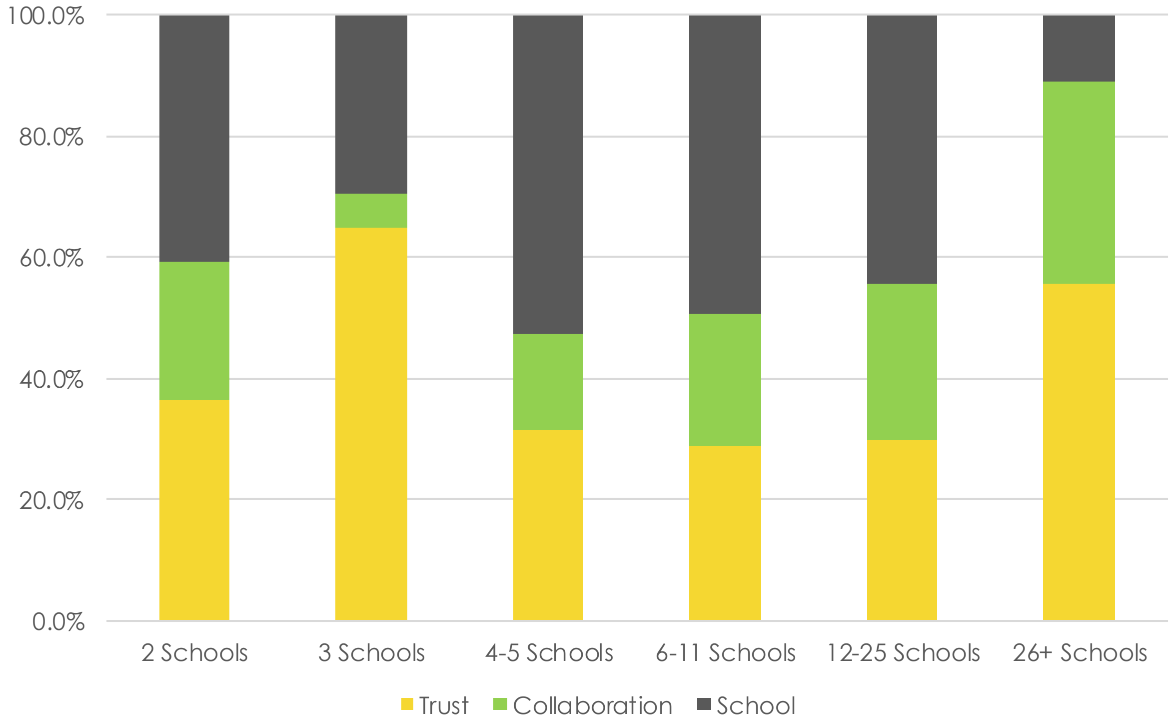
2016 vs 2018

There is no 2016 data available.

Comments

We are seeing a strong signal that medium size trusts are struggling to centralise their catering provision compared to the trusts smaller and larger than them.

Who selects the cleaning supplier?



The numbers

56% of trusts are involved in the selection of their schools' cleaning supplier.

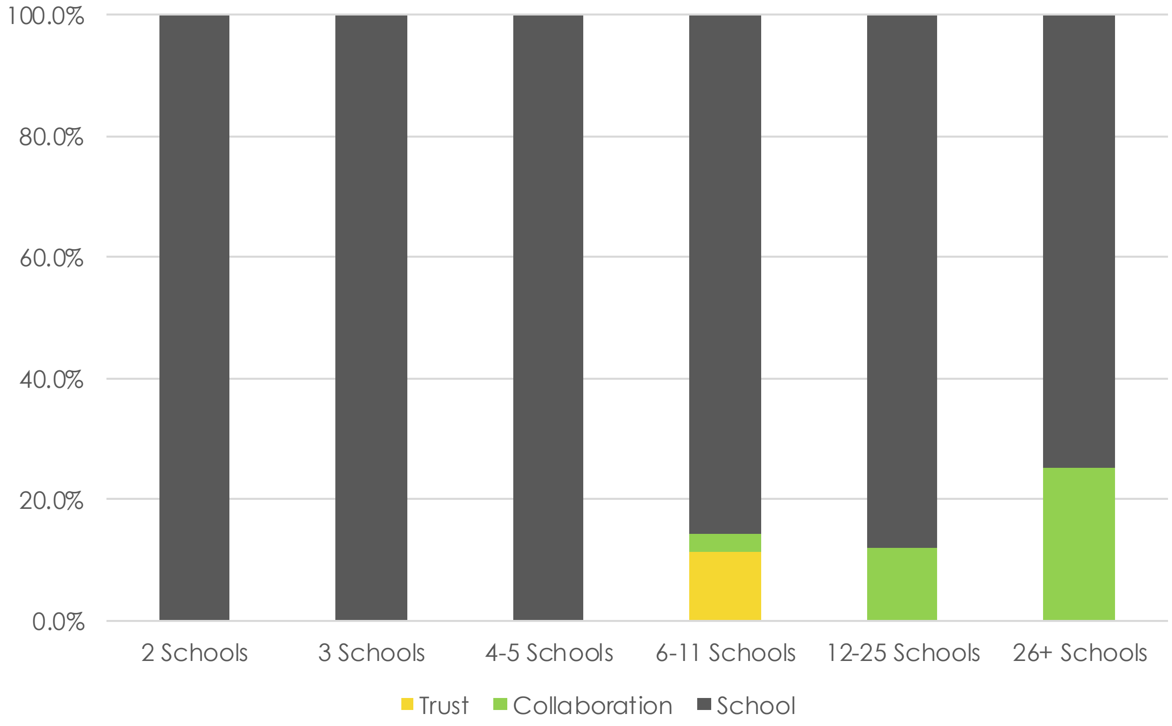
The trend

Centralisation drops for the 4-25 school trust and is highest in very small and very large trusts.

2016 vs 2018

There is no 2016 data available.

Who selects the furniture supplier?



The numbers

Only 6% of trusts are involved in the selection of their schools' furniture supplier.

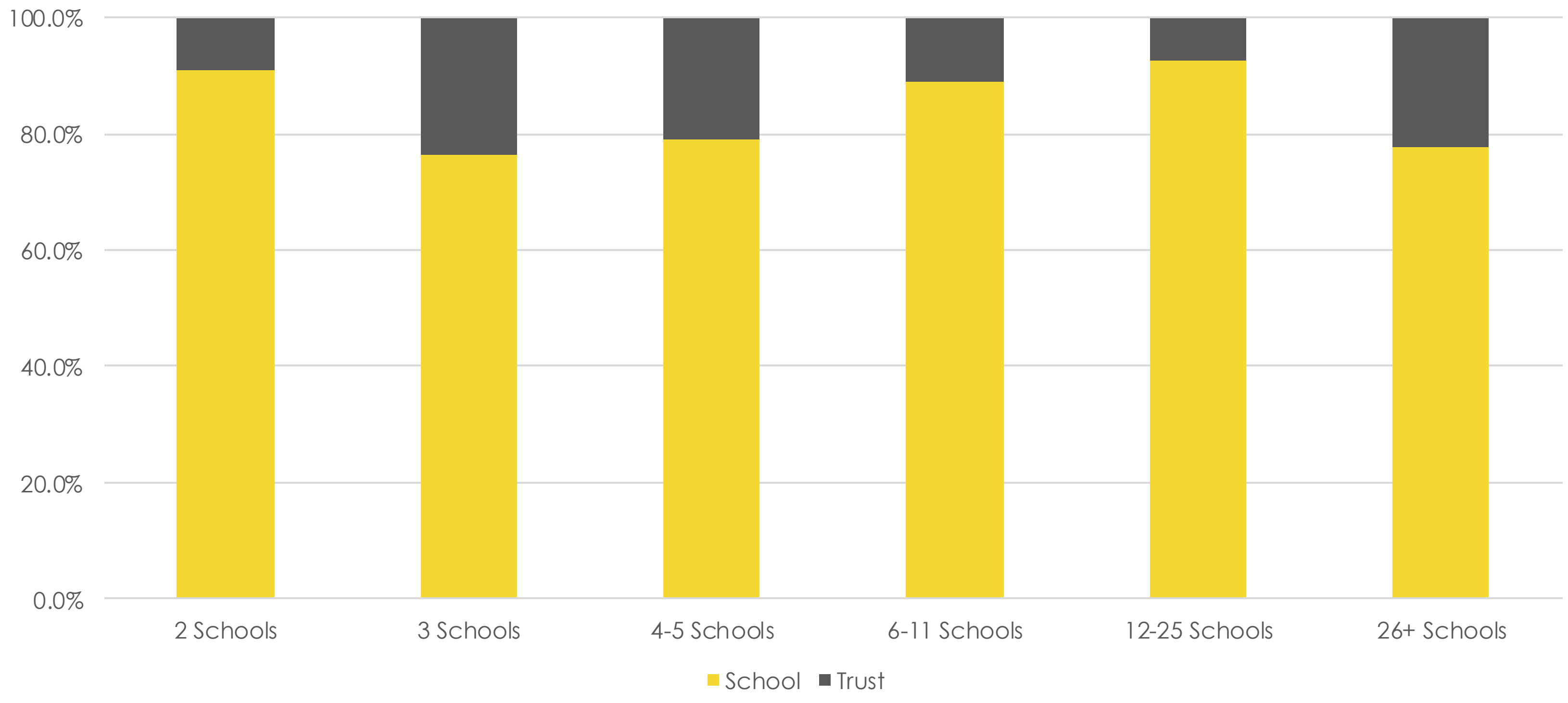
The trend

Centralisation starts to appear as the trust size increases.

2016 vs 2018

There is no 2016 data available.

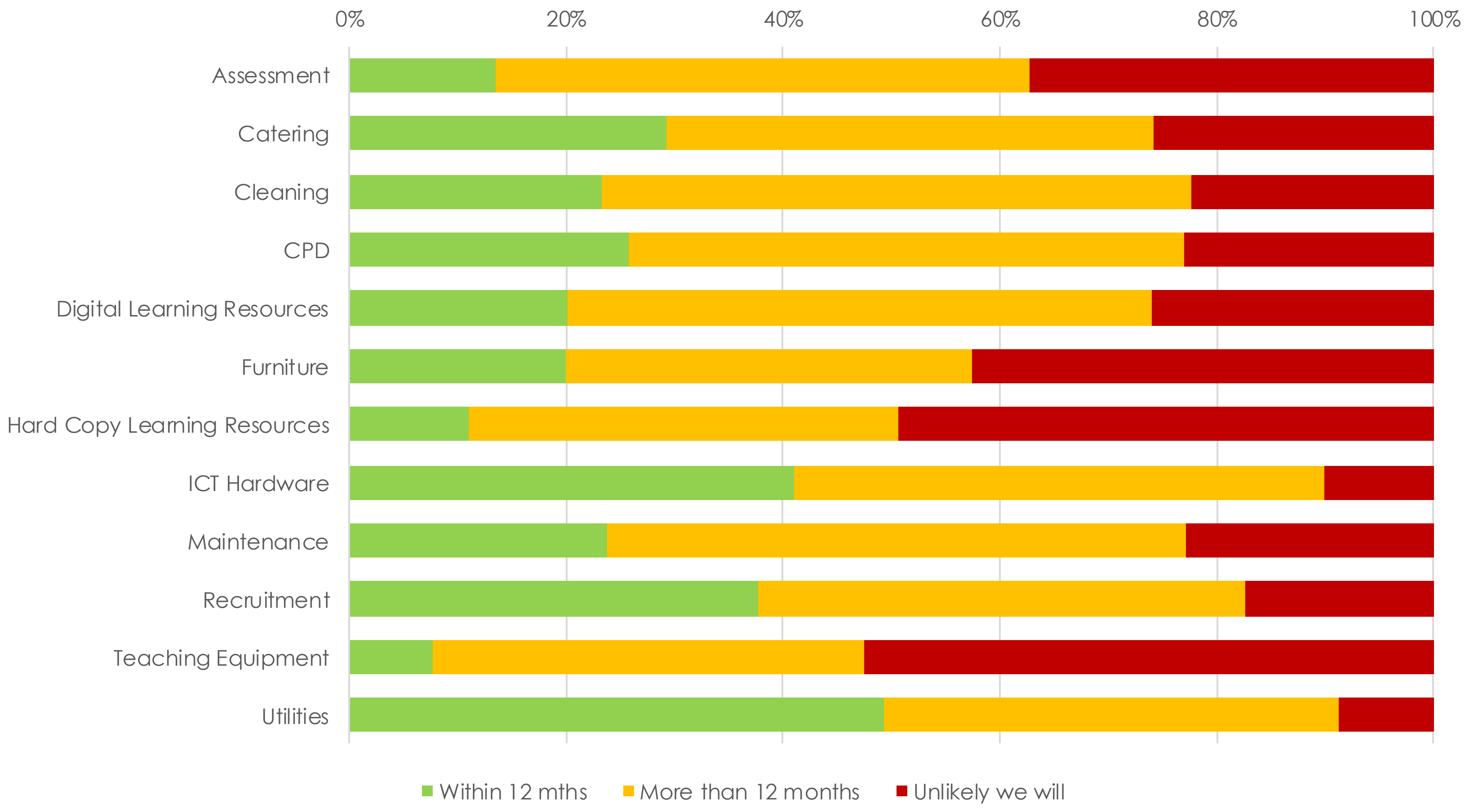
Who pays for centrally procured products and service?



In every multi-academy trust the member schools have their *own* budgets and bank accounts. In the vast majority of case only enough money to manage the trust is passed from the school to the trust.

The consequence of this is stark, even when a purchase is centrally made by the trust it is highly likely that each of the individual schools will require an invoice and pay independently.

When do you intend to centralise?



Focusing exclusively on trusts that have yet to centralise purchasing of the product in question, we asked about future intentions.

The responses support previous insights e.g. Hard copy resources, teaching equipment and furniture are not high priorities.

Multi-Academy Trusts

Procurement officers & consultants

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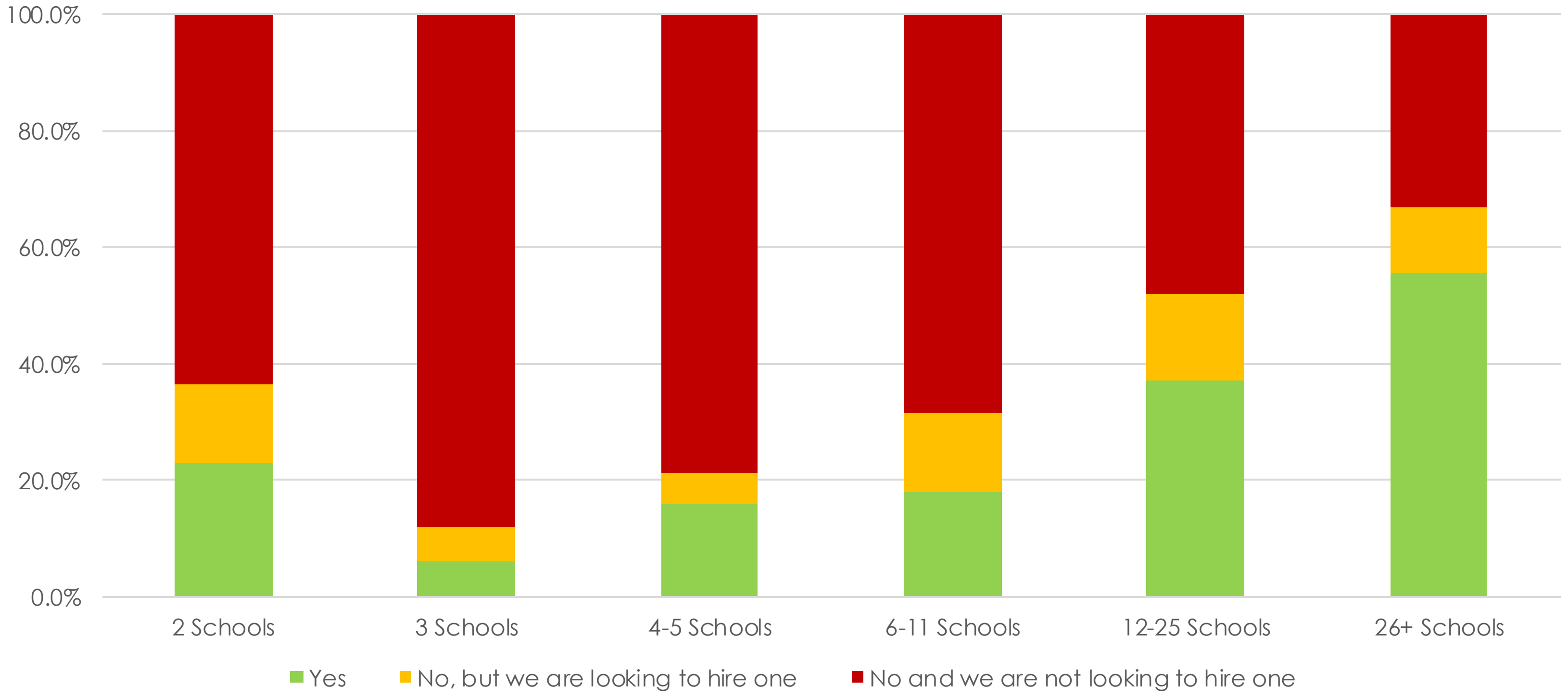
Do you have a dedicated procurement officer?

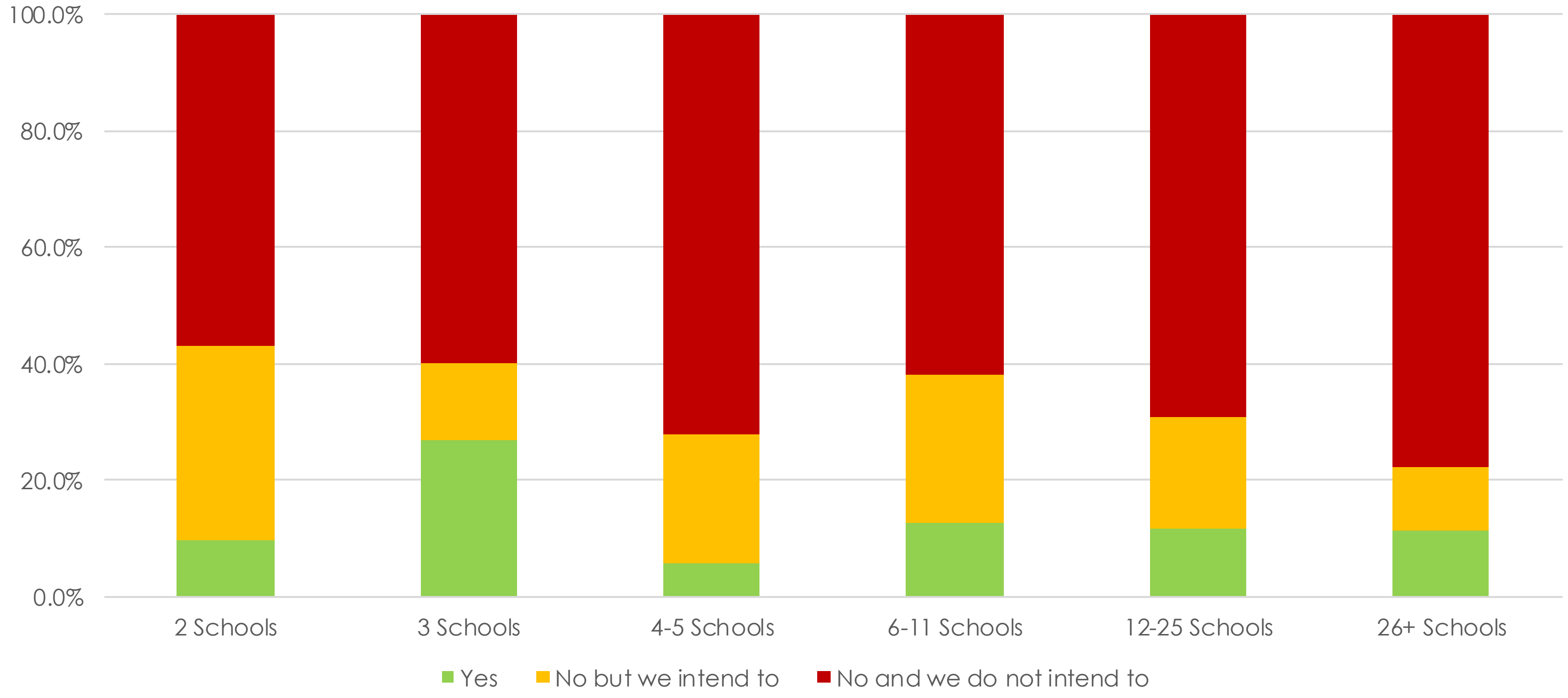


With the exception of those trusts that contain only 2 schools, there is a strong correlation between trust size and the likelihood of having a dedicated procurement office or the intention to appoint one.

The 2 school trusts are likely to be exceptions because non-procurement professionals have been nominated as a procurement lead.

The data supports the strong view that medium sized trusts do not have the scale for professional procurement.

Have you used a cost saving consultant?



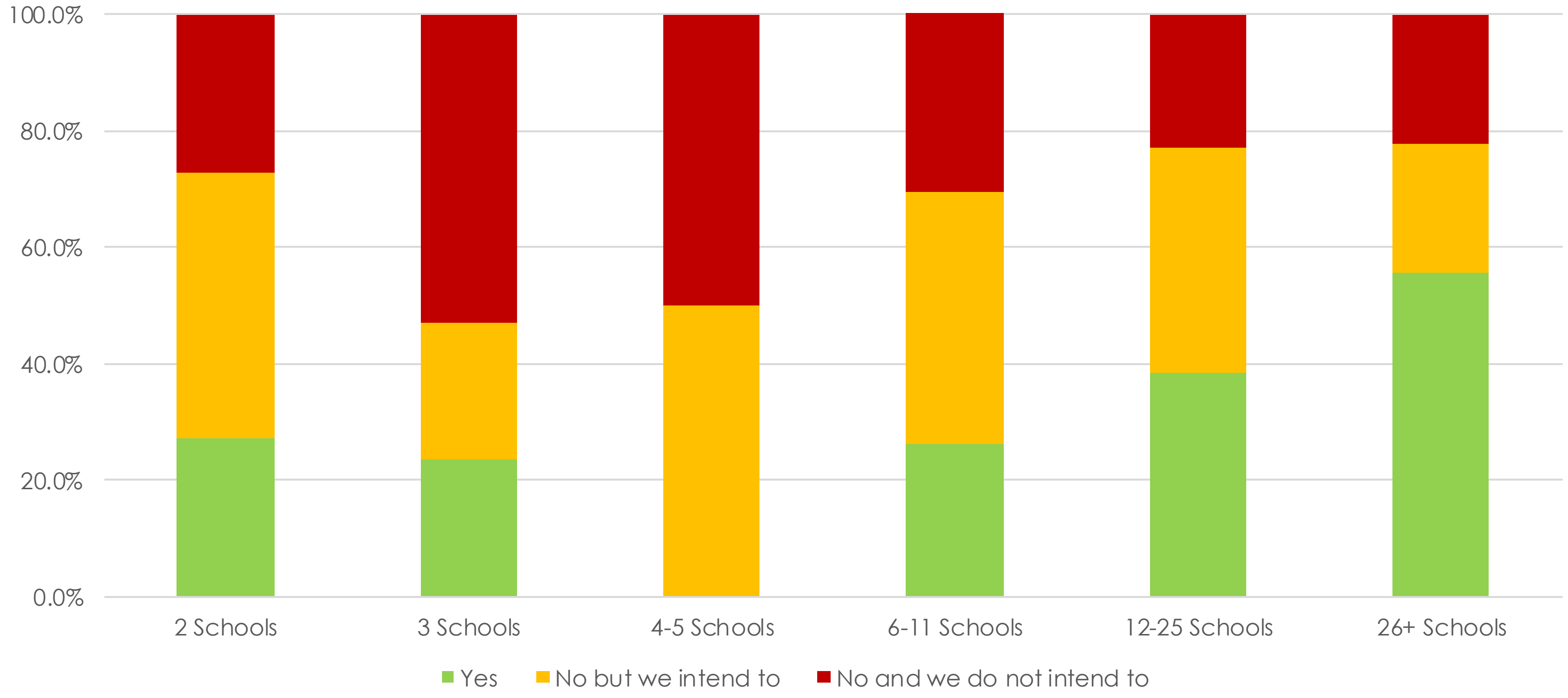
Cost saving consultants offer win-fee or paid for procurement solutions.

The trusts that have used consultants fed back a mix of outcomes. Many used consultants for one off projects such as utility contract negotiations.

Approx. half of respondents were happy with their experience.

"We tried a free procurement consultancy for tendering IT support services, which was terrible. We do it in-house now, but we don't have appropriate expertise to do it on complex services." Trust CFO

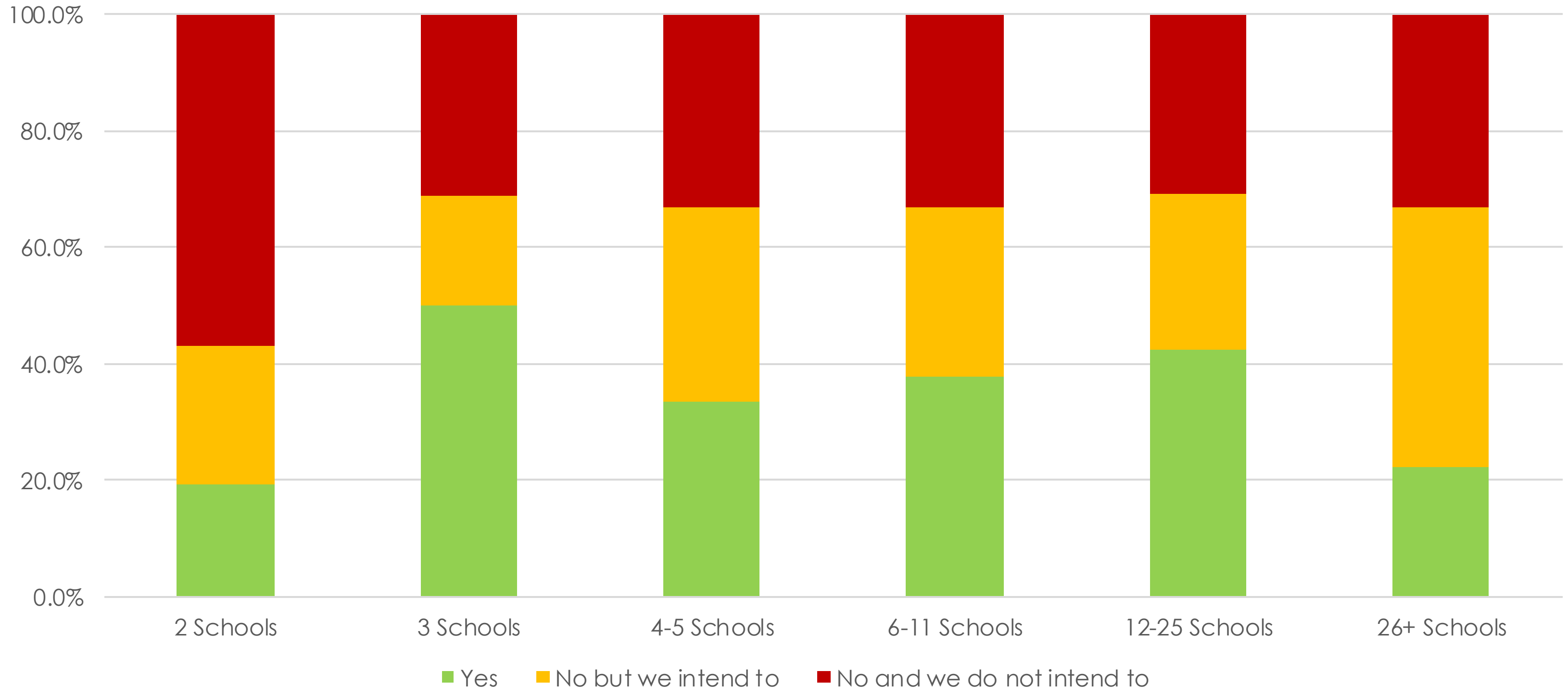
Do you partner with other trusts for procurement?



Multi-academy trusts are starting to partner with other trusts in some procurement areas.

22% of trust are already working with other trusts and a further 40% stated that they intend to do so soon.

Do you use school buying hubs for advice & guidance?



Multi-academy trusts are using the DfE school buying hubs.

34% of trust are already using the hubs with a further 27% planning to do so soon.

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Priorities & ambitions

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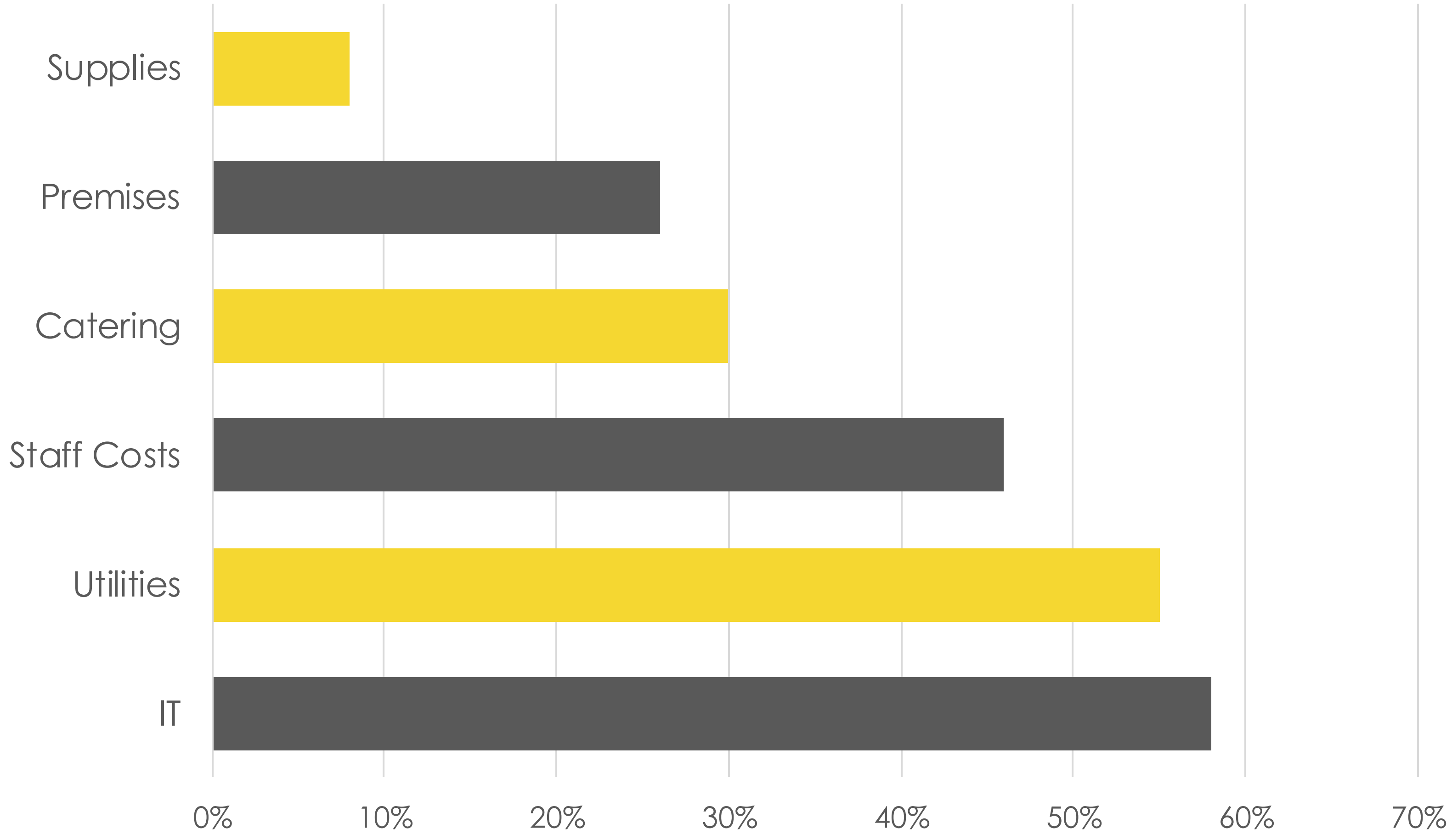
What is the optimal size of a Trust?

Size Band	Don't know	2 - 5 schools	6 - 11 schools	12 - 25 schools	26 - 54 schools	54+ schools
2 Schools	9.1%	31.8%	**54.5%**	4.5%	0.0%	0.0%
3 Schools	11.8%	0.0%	**58.8%**	11.8%	11.8%	5.9%
4-5 Schools	31.6%	5.3%	**31.6%**	**26.3%**	0.0%	5.3%
6-11 Schools	12.5%	0.0%	16.7%	**68.1%**	2.8%	0.0%
12-25 Schools	25.9%	0.0%	0.0%	**59.3%**	14.8%	0.0%
26+ Schools	44.4%	0.0%	0.0%	0.0%	**44.4%**	11.1%

Most interviewees reported that the ideal size for a multi-academy is a "bit bigger" than they are.

This opinion weakens as the trust size increases with the data suggesting, as many commentators do, that 12-25 is possibly the ideal size for a multi-academy trust.

Where are you looking for cost savings ?



The participants answering this questions were NOT supplied with a set of options, all answers were unprompted.

*Compared to 2016, trusts have **reduced their focus on staff cost reduction**. This is not entirely surprising when you consider the staff cuts implemented since 2016.*

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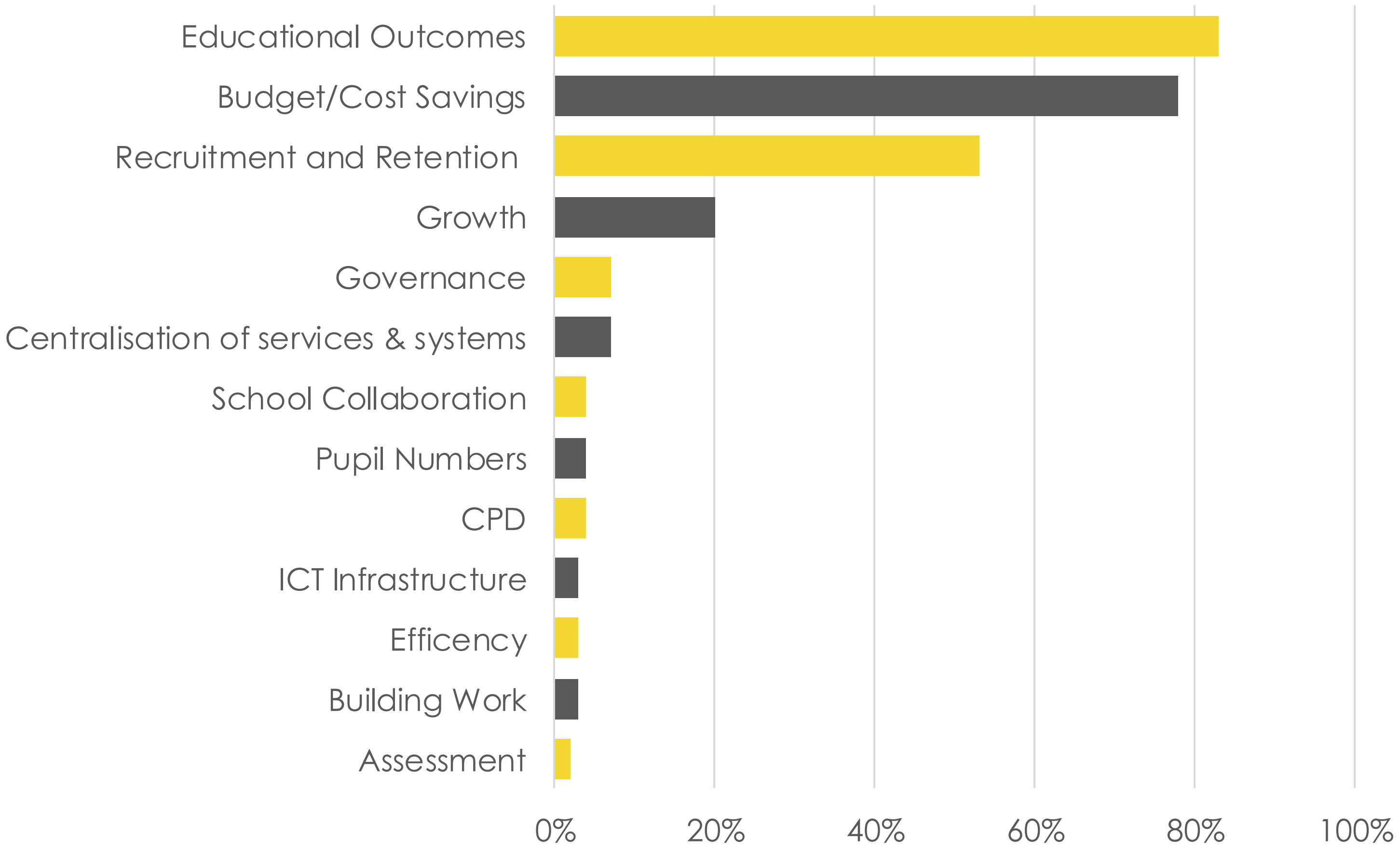
What are the top 3 priorities for your trust this year?



The participants answering this questions were NOT supplied with a set of options, all answers were unprompted.

It is notable that the three major priorities identified are aligned with those of the individual schools. i.e. student outcomes, budgets and teacher workload (recruitment and retention).

Weighted Priorities

Priority	Weighted Score
Budget/Cost Savings	276
Educational Outcomes	210
Recruitment and Retention	184.5
Growth	70.5
Centralisation of services & systems	25.5
Governance	24
School Collaboration	16.5
Consistancy	13.5
ICT Infrastructure	13.5
Pupil Numbers	13.5
Building Work	12
CPD	12

If we weight the answers based on the priority they were given i.e. 3 points for 1st priority, 2 points for 2nd, 3 points for 3rd we create a weighted dataset.

With this focus we can see that Budgets is (still) the number one focus for CEOs and CFOs in multi-academy trusts.

Multi-Academy Trusts

The procurement landscape

Conclusions

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Conclusions

Trusts are getting larger - Multi-academy trusts are growing in size, i.e. the number of schools in the trusts. There is appetite within the sector for more growth with the optimum size looking to be somewhere between 12 and 25 schools.

The autonomy and centralisation stress remains - senior leaders in schools are seen as the number one barrier to the centralisation of procurement.

Decisions are becoming more collaborative – often you will have the end user (teachers), the local finance team and the trust involved in a purchasing decision adding more time and complication to the sales process.

There is still a problem in the "middle' - small and large trusts find centralisation and collaboration easier. Small trusts can make decision easily because fewer people are involved and large trusts can implement the processes to handle central procurement. The medium size trust have neither the manpower nor the simple decision making that comes with being small.

Cutting staffing costs is less of a focus - This, in all likelihood, is because there are few opportunities left to reduce headcount.

Centralised procurement is commonplace - Almost all trusts have implemented some form of centralised purchasing, although the products & services centralised varies from trust to trust.

Physical products are less likely to be centrally procured – equipment, furniture and hard copy resources are far less likely to be purchased centrally than digital products and services.

Schools pay - even when a procurement decision has been made centrally and adopted by the schools in a trust, it is rare to see the trust pay the bill. It is more likely that the schools will pay individually.

Trust and school priorities are aligned – as we would expect, there is alignment between the priorities of the trust and the priorities of their schools. However, the major priority for most trusts is budget.

Poor awareness of MAT pricing – perhaps surprisingly, many people in trusts do not believe suppliers offer discounts for trust wide purchases. This is supported by the number of trust using or planning to use cost saving consultants.

Research conducted by
The Education Company & BESA

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