Logistics - Engaging with schools and MATs. Schedules, budgets, resource planning and spending trends

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- Agenda

- Introduction
- The education sector
- Typical purchase-to-pay cycles
- How suppliers work in partnership with schools and trusts to achieve value for money
- Mistakes to avoid
- Conclusion

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Introduction

- Lead on procurement, tender and purchase review panels
- Governor at schools and academies
- Advisory Panel member at the Institute for School Business Leadership (ISBL)
- Interim CFO at a Multi-Academy Trust (MAT)
- SRMA with experience of reviewing schools, academies and local authority education departments across England

The Education Sector

- UK – over 32,000 schools
- Wales - **1,553** schools; NI – **1,123** schools; Scotland – **5,052** schools
- England – over 24,000 schools of which
  - **388** nurseries,
  - **16,791** primary schools,
  - **3,458** secondary schools,
  - **2,366** independent schools,
  - **1,005** special schools,
  - **57** non-maintained special schools
  - **348** pupil referral units (PRUs)

[Source : Key UK education statistics - BESA]

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The Education Sector – Types of Schools

State					Private	
Community schools/ LA Maintained Schools	Foundation Schools and Voluntary Schools	Academies and Free Schools	Grammar Schools*	State Boarding Schools	Non Maintained Special Schools	Independent Schools

Source: DfE

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The Education Sector – Funding data

Education Funding in England	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
School funding, cash terms	£40,200m	£40,900m	£42,500m	£44,400m	£47,600m	£49,600m	£53,500m	£57,300m
Per pupil funding, cash terms	£5,590	£5,590	£5,730	£5,920	£6,280	£6,510	£6,980	£7,460
Per pupil funding, 2022-23 terms,	£6,570	£6,460	£6,510	£6,550	£6,540	£6,830	£6,980	£7,220
Per pupil funding, annual growth in funding	-2.2%	-1.6%	0.7%	0.6%	-0.1%	4.4%	2.2%	3.5%
School funding, annual growth in funding, %	-0.6%	0.1%	2.1%	1.9%	1.0%	4.8%	3.0%	3.6%

Source: DfE

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The Education Sector – England Headcount data

Headcount	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
State-funded nursery	43,729	43,786	42,844	42,207	42,110	37,865	38,036
State-funded primary	4,615,172	4,689,658	4,716,244	4,727,088	4,714,771	4,660,263	4,655,513
State-funded secondary	3,193,418	3,223,089	3,258,451	3,327,970	3,409,277	3,493,506	3,567,372
State-funded special school	105,363	109,854	115,315	121,738	128,146	134,176	142,026
Non-maintained special school	3,814	3,756	3,639	3,671	3,787	3,924	3,965
Pupil referral unit	15,015	15,669	16,732	16,134	15,396	12,785	11,684
Independent school	583,133	583,268	581,873	580,480	576,870	569,366	581,427
Total	**8,559,644**	**8,669,080**	**8,735,098**	**8,819,288**	**8,890,357**	**8,911,885**	**9,000,023**

Source: DfE

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Kreston Reeves Benchmark Report 2023

But...

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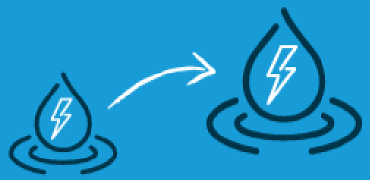
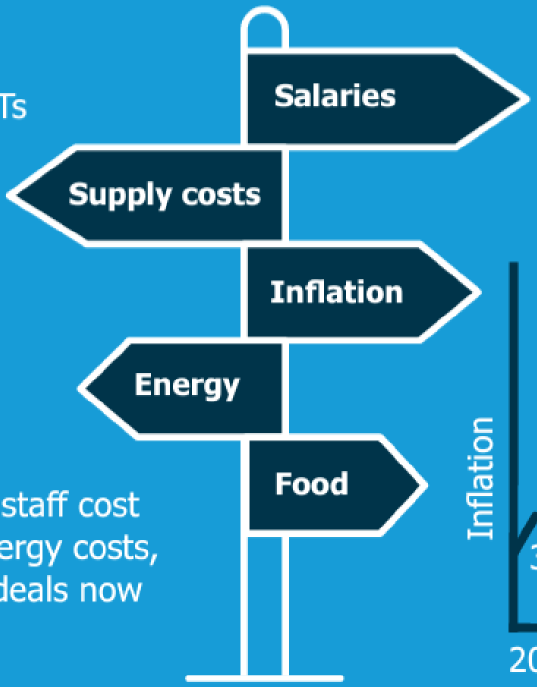
Trusts may appear to be in good health but the cost of living crisis has affected us all, and the Academy sector is no exception. The sector is seeing inflationary pressure on all costs, in particular salaries and uncertainty around rising non-staff costs.

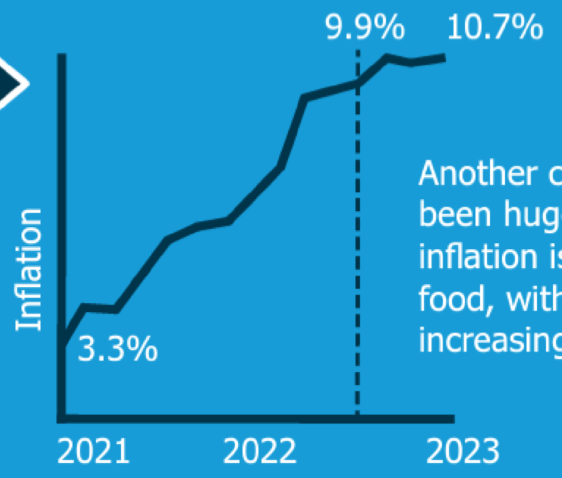
With high demand and shortages, supply cover costs will increase further, with Primary SATs reporting a staggering increase, up 76% from 20/21.



The most worrying non-staff cost for the sector now is energy costs, with many fixed priced deals now coming to an end.



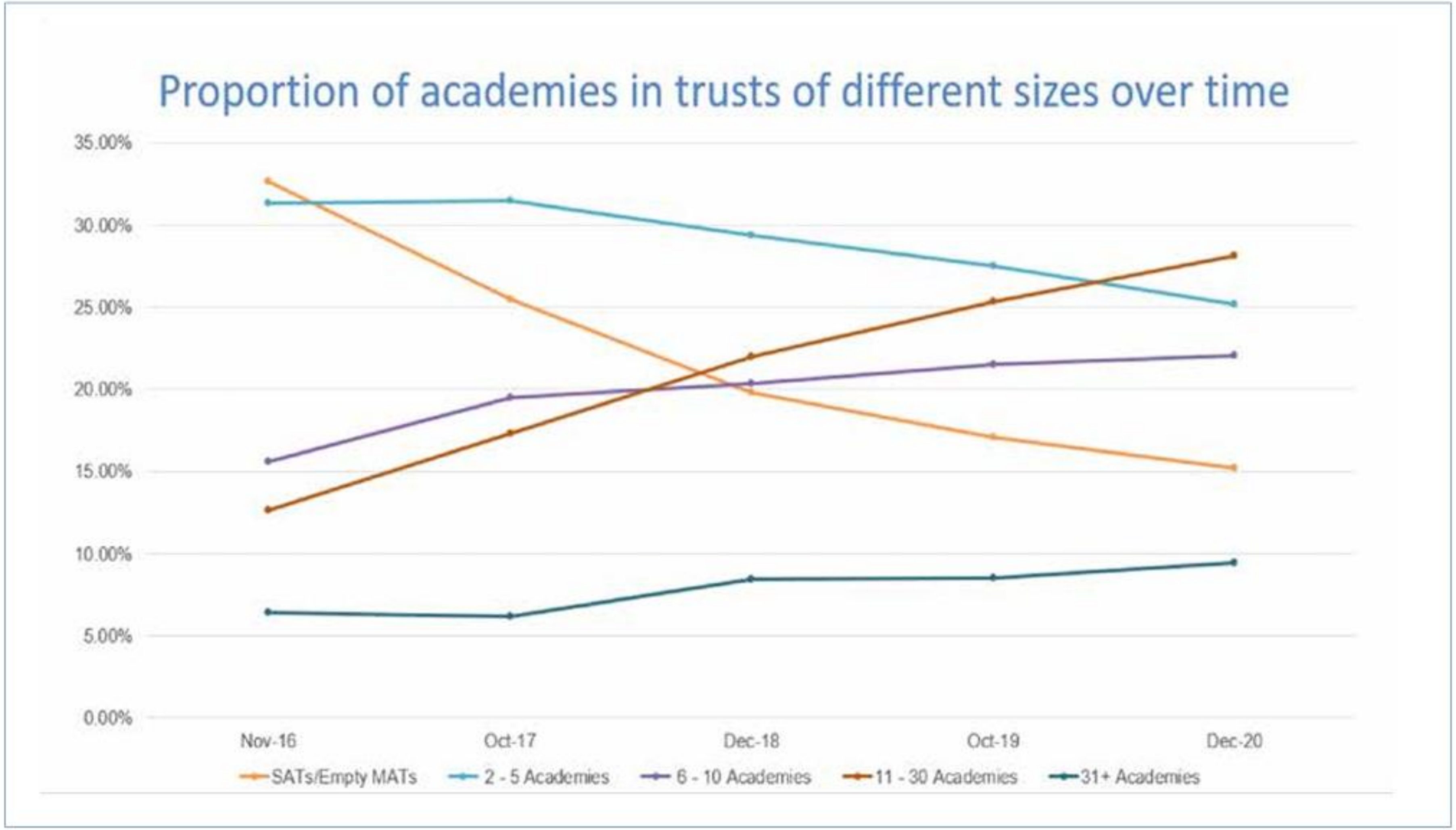
Payroll is by far the largest cost for the sector so it is unsurprising that one of the greatest concerns for budgetary planning for Trusts was uncertainty around pay rises and inflation.



Another cost that has been hugely affected by inflation is the cost of food, with food prices increasing by 14.5%.**

* Small MAT: Fewer than 3,000 pupils | Medium MAT: 3,001 to 7,500 pupils | Large MAT: More than 7,500 pupils | ** Statista, September 2021 to September 2022.

The Education Sector – Multi Academy Trusts (MATs)



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Typical Purchase to Pay (P2P) Cycle

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P2P– choosing suppliers

- Existing School suppliers
- Word of mouth referrals from networks
- DfE Buying for Schools - Buying for schools - Guidance - GOV.UK (www.gov.uk)
- Frameworks and purchasing consortia
- Regional and National Education events, conferences and exhibitions
- Preferred Supplier lists

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How we evaluate quotes and tenders

- price
- quality
- how suppliers meet the specification
- how quickly they can supply
- ‘additional value’

Overcoming Challenges in Engagement

- Common challenges faced when engaging with schools and MATs.
- Clear communication, flexibility, and adaptability.
- Patience and persistence in building successful relationships.
- Explore emerging trends and technologies which can help your client.

Challenges with P2P/ Supplier relationship

- A lack of process design and poor communication
- Lack of a central point of contact – a designated relationship manager
- Lack of standard single input point from suppliers
- Lack of a forecast and planning process.
- A proliferation of catalog items, suppliers and line items causing increased complexity.
- Lack of executive support that drives compliance to the process

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Examples

- Competitive pricing and bulk discounts
- Provide training and support
- Working with schools to develop customized solutions
- Consolidated Invoicing
- Education-based marketing
- For multi-site schools, account flexibility – multi-site ordering, account managers, discounts, onboarding, analytics

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Mistakes to avoid

- Not understanding the education sector (e.g. TTO v out of term time supply)
- Not being responsive to the needs of schools
- Not being flexible
- Not being transparent about pricing
- Not providing value-added services

Questions?

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