

# ACHIEVING EFFICIENCIES IN MULTI-ACADEMY TRUSTS 2019

## No surprises: key principles for efficient finance management

Consultant CFO and COO **Andy Collings** shares his top tips for school business and finance managers

Our MATs Summit pre-event, hosted in partnership with ISBL (formerly NASBM), was a valuable opportunity to meet financial management experts. We interviewed Andy Collings, whose career journey has taken him from KPMG to education consultancy, via tennis coaching and maths tutoring.

We asked Andy: what would be your top advice for finance managers, whether in a school, academy or MAT?

### 1. Be informed

**There's no substitute for timely management information.** Close your books within a good time scale so that you can give not only yourself, but also the SLT, headteacher, CEO etc., the right information, at the right time, to make the right decisions.

**Do accruals accounting, not cash accounting.** This will be normal practice for many SBMs or finance managers, but I have come across some schools who are having problems because they aren't thinking about their financial commitments. If you close your books and you've got £20,000 in the bank, which you need to cover your teacher salaries, but you've forgotten that you've written £30,000 worth of cheques which haven't yet been cashed...you will be overdrawn.



**Stay close to the headteacher and SLT.** You need to be in the meetings, because things will be discussed that have a cost impact. Be the right-hand person to the head, so that when things come up, such as an unexpected resignation, you are on hand to say what's in the budget and what you can do. Which is good, because...

## 2. No surprises

...**You don't want surprises.** You don't want to receive an email with an invoice for £10,000 and your response to be: 'I don't even know who ordered this, it wasn't in my budget'. Then you have to scabble around to find the money to pay it, and deliver the bad news to the head that while you thought the cash flow was ok this month, it's actually not. Which leads onto my next and somewhat draconian tip.

**All orders should go through the finance team,** and should always be aligned with people's budgets. Make sure your budgets are up to date so people know how much they have left to spend. The moment you have orders being processed outside the normal route, you lose control. And end up with surprises.

**Plan ahead.** If possible, work to a three-year forecast plan. That means you need to be close to the SLT, the governors, the borough – because you need to know about likely pupil numbers for the next two to three years. If you're going to model, you need accurate data. Caveat carefully if you don't have accurate data, or present different scenarios.

**Don't be afraid to give bad news** – and give it early. It's better to warn the head in November 2017 that you have a problem from September 2018, rather than waiting until July 2018 to tell them. If giving bad news, be constructive about it: give solutions. If you tell the head that you've got a £50,000 shortfall, the next question will be: what are we going to do about it? Be ready with options (or know if there aren't any options).

**Make sure everyone understands the school's financial position and how it's trending.** Your school may have a comfortable carry forward now, but if there's a significant in-year deficit coming up, you're in trouble. Keep your eye on the ball in terms of projected pupil



numbers. Statistics can say many things; make sure you give full information and are open about it.

### 3. Monitor costs carefully

**Be fully abreast of your fixed cost base.** Everybody will focus on the salary side, but you've got to remember all those licence costs that you're tied into for three years. Be aware of those 'one off' costs that miraculously turn up four or five times a year.

**Make your cost base flexible.** If you need someone to teach A level history, but you're not sure what next year's curriculum will look like, make it a one year fixed contract. Both sides are fully aware and have their notice periods clear. Then if you change curriculum in 12 months' time, you're not carrying that cost.

### 4. Don't go it alone

Build your network. You want friends that you can call when the minibus has broken down, and you're struggling with whether to buy or lease, or when the catering isn't working out and you want to know what other firms are out there. Even if your friends can't help fix that particular problem, they'll be a valuable sounding board.

**Take opportunities to get out and meet with other school business management professionals.** Attend conferences if you can. Getting out of your school 'bubble', even for one day, can help clear your mind and give you space to think – as well as enabling you to meet like-minded people who are going through similar problems.

**If you're an SBM or finance manager within a MAT, remember that you're not in competition.** It's one set of money, one set of rules – you're working together. Don't keep your good ideas to yourself. You're sharing best practice and the trust is better off overall.



## 5. Ride the rollercoaster

*If you can meet with Triumph and Disaster, and treat those two imposters just the same*

This line from Rudyard Kipling's poem 'If' is inscribed over the entrance to Wimbledon's Centre Court. My final tip – and it's something I need to learn myself – is **never get too depressed if you've had a bad day, because tomorrow will be better. And never get too excited, because there will be issues coming.**

Accept that education is a rollercoaster. It's not an industry where you can smooth everything, so you never have to worry. Things are changing all the time in the micro and the macro climate. Accept that there's going to be buffeting. It's not because you're doing a bad job: it's because it's education.

*Andy Collings worked in Big 4 companies, gathering experience in audit, finance and operations, before moving into the world of education to act as consultant CFO and COO of Challenger Multi-academy Trust, where he led on finance, operations, business strategy and growth.*