

Leading and Governing Groups of Schools

This guidance is for senior leaders, governors and trustees who are considering growing their stand-alone academy trust or establishing a multi-academy trust (MAT) or federation. It is intended to be a general guide, not a comprehensive list covering every consideration.

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Section one

Why consider a formal partnership?

This section outlines the rationale for establishing or converting a stand-alone academy trust to a MAT or federation.

- In the current fiscal climate we will need to give serious consideration to the sustainability of small, stand-alone institutions. *Formal partnerships of schools in the form of MATs and federations may offer a solution.*
- There is now a strong evidence base that formal partnerships make the most difference in relation to improving outcomes. This is at least in part because of the clarity of the accountability arrangements. Academies have the strongest form of accountability in that they are a legal entity – the buck stops with the trust.
- Informal partnerships, like teaching school alliances, have an essential role to play in a self-improving system. These kind of alliances help to build system capacity. Both types of partnership are necessary in a self-improving system.
- Both formal and informal partnerships have the scale and capacity to take on system roles which individual schools cannot always do, like the capacity for initial teacher education, sustainable professional learning within and across schools, and research and development.

Formal partnerships have been shown to have the following benefits:

- Financial sustainability and efficiency.
- Clear accountability for school improvement.
- Stronger governance.
- Support to other schools who cannot or do not wish to convert independently.
- A profession-led response to addressing weak provision in the system.

Both formal and informal partnerships:

- Create greater opportunities for leadership development and succession.
- Can have the advantage of strong pedagogical models shaping professional practice and improving outcomes.
- Create capacity to take on system leadership roles, such as initial teacher education.

Section two

Governance basics – roles and responsibilities

This section contains general information about governance, including academy governance. It explains the roles and responsibilities of members and trustees, and gives information about the role of governors - the skills required, the principles of public life and the importance of the chair. It is not specific to MATs or federations but is necessary general knowledge underpinning governance.

Governance

The purpose of governance in any setting is to provide strategic direction to an organisation, by:

- Setting the vision.
- Making decisions about strategy and policy.
- Overseeing and monitoring organisational performance.
- Ensuring organisational accountability.

Good governance is essential to the success of any organisation.

The spotlight on governance in the education sector has never been higher.

Academy governance

- An academy trust is a legal entity. It is the direct employer of staff and the holder of land titles. An academy trust is a charitable company limited by guarantee. An academy trust must have both **members** and **trustees**.
- The role of **members** is analogous to shareholders of a company, but members of an academy trust do not have rights of ownership because profits cannot be distributed to them. Members control changes in the constitution of the Trust. They have an overview of the governance arrangements of a trust and have the power to appoint governors and remove them by ordinary resolution.
- The people who are appointed by the member to sit on the **trust board** are **the directors and trustees**. They are responsible for the operation of the trust. They set strategic direction and are directly accountable for finance and standards. For the sake of clarity, this guidance uses the term trustees – it should be noted that the term trustee also means director.
- While the Academies Financial Handbook states that members can also be trustees, it is best practice to retain the distinction between the two layers of governance. This ensures that members, independent of trustees, provide oversight and challenge. This is particularly important in MATs where the trust is responsible for a number of academies.
- Trustees have duties as **directors under company law**, duties as **trustees under charity law** and duties as **school governors**.

Duties as charitable trustees (under charity law)

- **Duty of Compliance:** ensure that the charity's resources are used for the charitable purpose and that the charity complies with the law and its governing document, the Articles of Association.
- **Duty of Prudence:** take reasonable care. In practice, this simply means ensuring that the academy trust is managed efficiently and effectively. It also means considering the need for professional advice on matters where there may be material risk to the charity.
- **Duty of Care:** act responsibly, making sure that the academy trust's assets are protected and used for the benefit of the charity. Make sure that the academy trust is solvent and keeps appropriate financial records.

More information on the role of a charity trustee is available on the Charity Commission's website:
www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3

Duties as directors (under company law)

Duty to:

- Act within powers.
- Promote the success of the company.
- Exercise independent judgement.
- Exercise reasonable care, skill and diligence.
- Avoid conflicts of interest.
- Not accept benefits from third parties.
- Declare an interest in a proposed transaction or arrangement.

Statutory duties as company directors are set out in sections 170 to 177 of the Companies Act 2006:
www.legislation.gov.uk/ukpga/2006/46/part/10/chapter/2

An excellent summary of these duties can be found at www.iaa.uk.net/?wpfb_dl=16 published by Allen & Overy, SGOSS and Browne Jacobson.

Duties as governors

Core functions of governors:

- Setting vision, ethos and strategic direction.
- Holding the headteacher or principal to account.
- Overseeing financial performance.

As set out in statute, regulations and, in the case of academies, Articles of Association and Funding Agreements, governors have the following specific legal duties:

- Constitution and procedures.
- Education and school performance.
- Pupil wellbeing including safeguarding, school safety and security.
- Appointment and annual appraisal of the headteacher's performance, pre-employment checks and teacher appraisal, grievance, discipline and capability processes.
- Organisational changes to the school and the use of school premises.
- School finance.
- Information sharing.

Governors in all state schools, including academy trust governors and federated governing bodies, should have regard to the Governors' Handbook:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/395789/Governors_Handbook.pdf

Connected party transactions and conflicts of interest

Revised Academies Financial Handbook came into effect on 1 September 2014.

www.gov.uk/government/uploads/system/uploads/attachment_data/file/363753/Academies_Financial_Handbook2014.pdf

Under company law, trustees have a duty to:

- Avoid conflicts of interest.
- Declare any interests in proposed transactions.
- Reject benefits from third parties.

When dealing with any potential conflict, academy trusts must consider the provisions of their Articles of Association and the requirements of the Academies Financial Handbook. The provisions of the Academies Financial Handbook are effectively incorporated into the academy trust's funding agreement with the Secretary of State. Refer to the Charity Commission's guidance on conflicts of interest:

www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29

- Academy trusts are required to maintain a register of interests recording the business and pecuniary interests of the members, trustees, local governing bodies (LGBs) and the academy's senior leadership team. The members' and trustees' business and pecuniary interests must be published on the academy's website.
- Academy trusts need to ensure that rigorous processes are in place to identify actual and perceived conflicts of interests, to avoid or manage them effectively. A breach of the Academy Financial Handbook could result in an academy trust being issued with a Financial Notice to Improve.

The guidance above is also entirely valid for governors serving on federated governing boards.

Conflicts of interest – federations

- The general guidance about avoiding and managing conflicts of interest also applies to local authority (LA) maintained schools, including federations.
- Regulation 16 and Schedule 1 of the School Governance Roles and Procedures Regulations 2013 (as amended) sets out the legal requirements in relation to conflicts of interests. www.legislation.gov.uk/uksi/2013/1624/contents/made
- These cover both general conflicts, but also specifically prohibit a staff governor (not including the headteacher) from being involved in discussions about the pay or performance of another member of staff.

Personal liability

- Maintained school governing bodies are corporate bodies that are legally responsible for the conduct of the school. Because of this, individual governors are generally protected from personal liability because of the governing body's decisions and actions. Provided they act honestly, reasonably and in good faith, it is likely that any liability will fall on the governing body even if it exceeds its powers, rather than on individual members.
- Likewise, in academies it is likely that personal liability will not arise if members and governors carry out their duties acting in good faith.

Recruiting governors – skills

- Recruiting governors with the necessary skills to govern is vital for both academies and LA maintained schools. It is also vital that governors understand the role and the commitment they are making. See the National Governors Association (NGA) role descriptor
www.nga.org.uk/Be-a-Governor.aspx
- The NGA has also published a very useful skills audit
www.nga.org.uk/Guidance/Workings-Of-The-Governing-Body/Governance-Tools/Skills-Audit.aspx
- The School Governance (Constitution) (England) Regulations 2012 create an explicit requirement that all appointed governors have the skills required to contribute to the effective governance and success of the school. For academies, this is set out in the Academies Financial Handbook. The specific skills that governing boards or trusts need to meet their particular challenges will vary. www.legislation.gov.uk/uksi/2012/1034/contents/made

Recruiting governors – values and principles

Put the principles of public life at the heart of governance	
Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or make decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions, and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Leading governance - the role of the chair

- **Leading effective governance:** giving the governing board a clear lead and direction, ensuring that the governors work as an effective team and understand their accountability and the part they play in the strategic leadership of the group of schools and in driving school improvement.
- **Building the team:** attracting governors with the necessary skills, values and principles, ensuring that tasks are delegated across the governing board so that all members contribute and feel that their individual skills, knowledge and experience are well used and that the overall workload is shared.
- **Relationship with the executive headteacher or chief executive officer (CEO):** being a critical friend by offering support, challenge and encouragement, holding the executive headteacher or CEO to account for outcomes across the group, and ensuring their performance management is rigorous and robust.
- **Improving the schools in the group:** ensuring school improvement is the focus of all policy and strategy and that governor scrutiny, monitoring and challenge reflect school improvement priorities across the group of schools.
- **Leading the business:** ensuring that statutory requirements and regulations are met, that the trust or federation provides value for money in its use of resources and that governing board business is conducted efficiently and effectively. (Adapted from *Leading Governors: The role of the chair of governors in schools and academies*).

Section three

Governance models

MATs and federations

This section provides an overview of the regulations and legal frameworks for MATs and federations. It gives a description of the characteristics of different types of MATs and sample governance structures. It also outlines the size and stages of growth of a MAT. For completeness, it outlines umbrella trust configurations but it should be noted that in the current climate, umbrella trusts are unlikely to get approval. The DfE preferred model is the MAT model, even for large groups.

The legal framework for academies

There are three key documents which set out the legal framework under which academies operate:

- **The Articles of Association:** DfE's model articles and memorandum which contains information about trustees and how meetings are managed www.gov.uk/government/publications/academy-model-memorandum-and-articles-of-association
- **The Funding Agreement** is the legal document that sets out the relationship between the trust and the Secretary of State for Education www.gov.uk/government/uploads/system/uploads/attachment_data/file/20388471/Academy_and_free_school_-_master_funding_agreement.pdf
- **The Academies Financial Handbook** sets out the related duties and obligations of academy trusts. Non-compliance with the funding agreement could, ultimately, lead to the Secretary of State rescinding the academy order www.gov.uk/government/uploads/system/uploads/attachment_data/file/20363753/Academies_Financial_Handbook2014.pdf
- All trustees need to be familiar with all three documents. In addition, trustees should be familiar with the **DfE Governors' Handbook**.

What the regulations say about MATs

- The National College for Teaching Leadership (NCTL) guidance states: “There is nothing in education legislation that prescribes how multi-academy trusts (MATs) must be composed”.
- Academies are governed through their Articles of Association.
- Governors must provide an annual governance statement, which is published by the Education Funding Agency (EFA) under the ‘Academies Accounts Direction’, explaining governance structures.

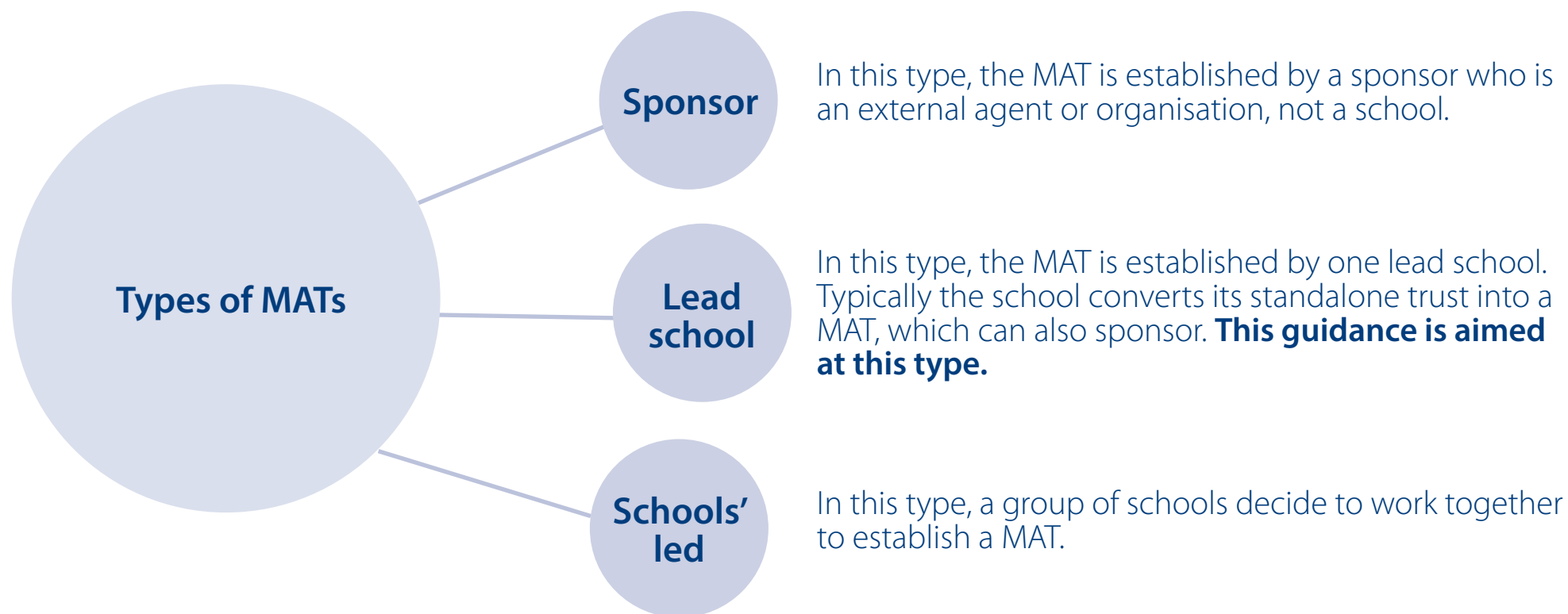
The only prescriptions are as follows:

- There must be at least three signatory members – the DfE prefer five.
- The executive head or CEO is usually a trustee, if they choose to so act and their appointment is ratified by the members.
- There will be two elected parent trustees or representatives, either on the board of the MAT or on each of the LGBs.
- The number of trustees that are LA influenced cannot exceed 19.9 per cent (see article 140).
- The number of members that are LA influenced cannot exceed 19.9 per cent (see article 139).

What do the regulations say about federations?

In this document by federation we mean a single governing body governing more than one maintained school.

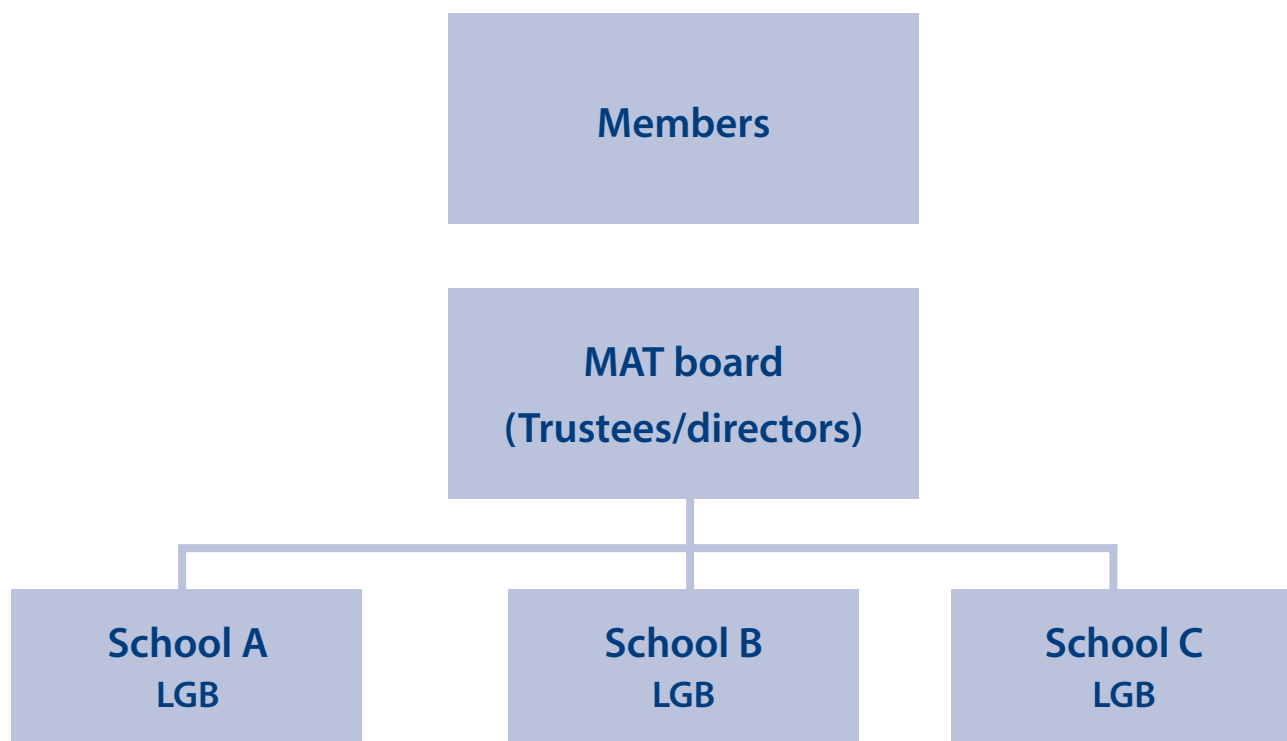
- Federations are regulated by the School Governance (Federations) (England) Regulations 2012
- The process for federating is prescribed in the regulations and set out in section 2.5.3 of the Governors' Handbook.
- The composition of federated governing bodies is also prescribed in the regulations and set out in section 2.5.4 of the Governors' Handbook.



Characteristics of a MAT

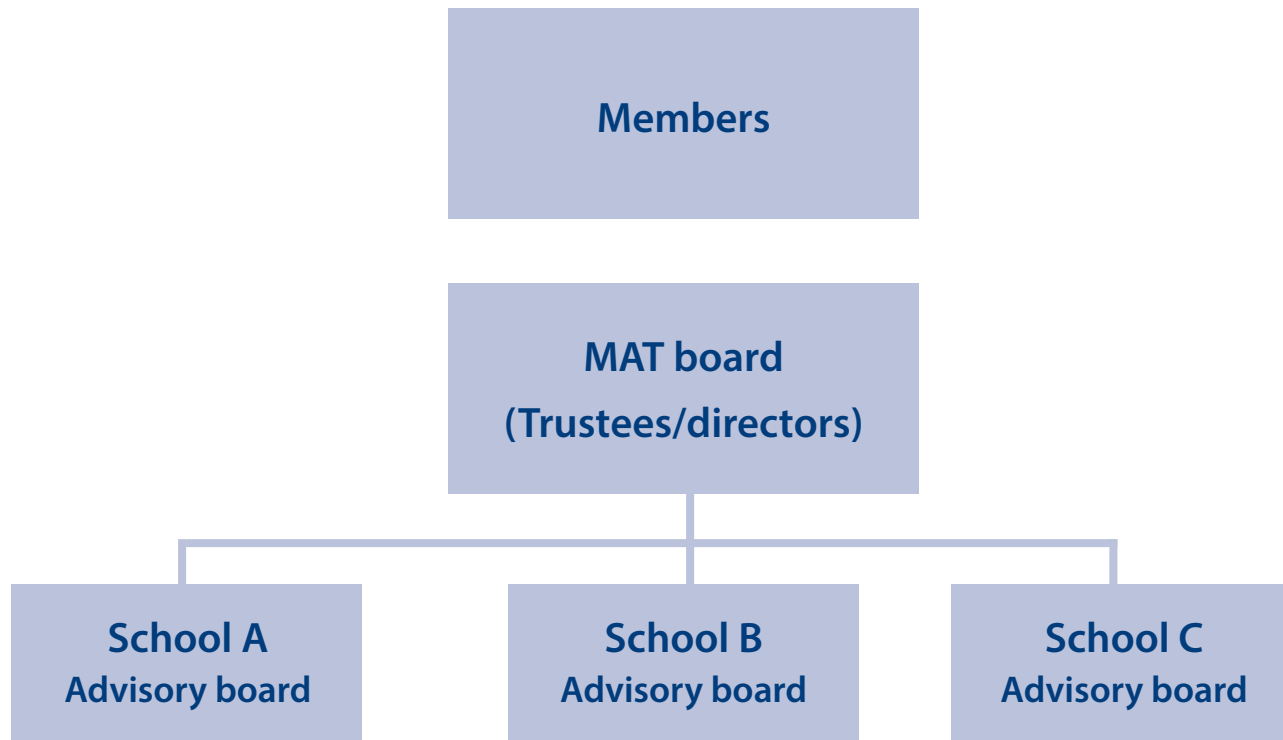
- The MAT is a single legal entity, the trust is the employer and holder of land titles.
- The trust board is accountable for all academies in the group.
- The trust board are the directors and trustees.
- The trust board can choose to have committees for each academy, commonly referred to as the LGB. The level of delegation from the board to these LGBs can vary.
- Where there are LGBs, governors on LGBs are not directors or trustees (unless they also sit on the trust board).
- MATs combining previously community, aided and/or controlled schools are possible - circumstances need to be explored on an individual basis with the DfE. Schools keep their existing character, and in particular do not gain, lose or change their religious character.

Sample governance structure - MAT with LGBs



The MAT board is responsible for the operation of the trust. It sets vision and strategy and is directly accountable for finance and standards. The MAT board may, if it chooses, appoint governors to LGBs. The roles and responsibilities delegated to LGBs is a matter for the MAT board. These should be set out in a Scheme of Delegation. The level of delegation may be proportionate to strength of the school – an ‘earned autonomy’ model.

Sample governance structure – MAT with advisory boards



The MAT board is responsible for the operation of the trust. It sets vision and strategy and is directly accountable for finance and standards. The MAT board may, if it chooses, appoint advisory boards or committees. In this model there is much less delegation to the advisory board.

In this model, the advisory board is unlikely to:

- Have a role in determining the individual school's vision, ethos and direction.
- Recruit the headteacher.
- Performance manage the headteacher.
- Have delegated responsibility for the budget.

Size and stages of MAT growth

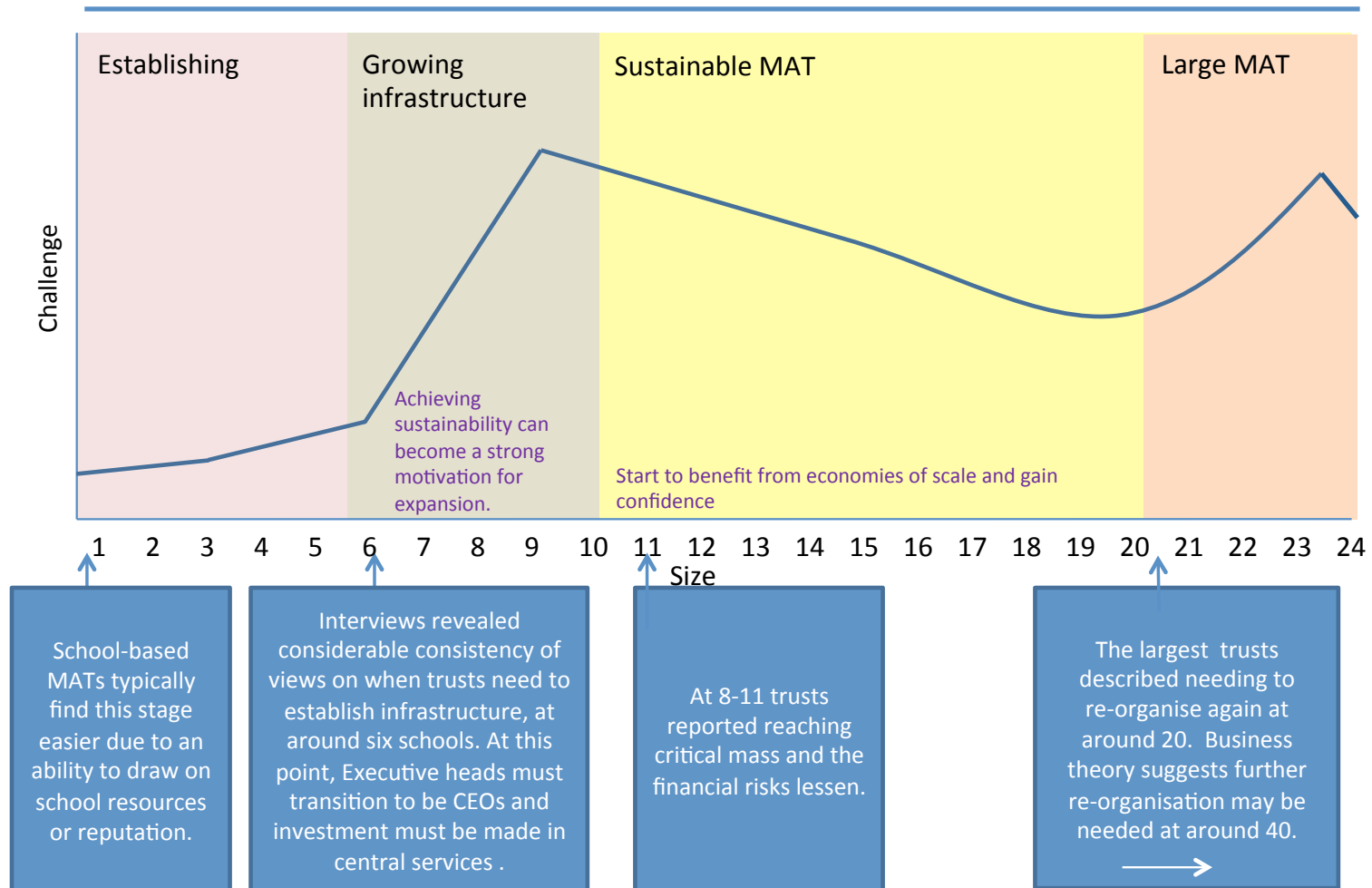
The DfE uses three categories of size and stage of growth:

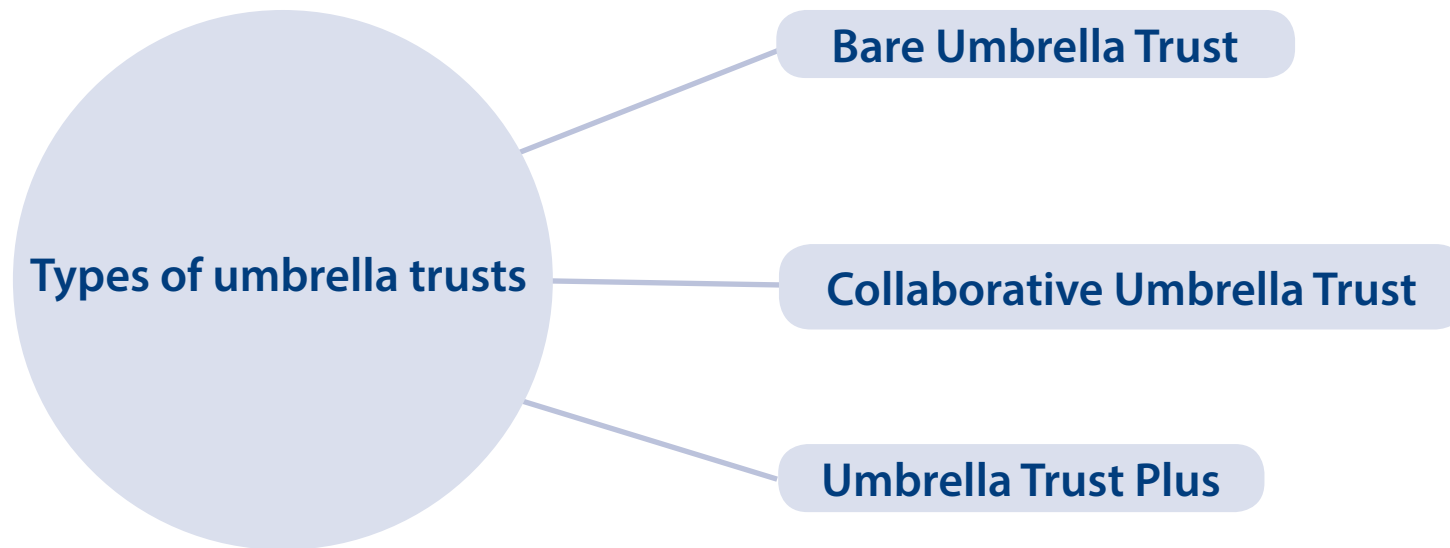
- Small MATs - up to five or six schools
- Medium MATs - six to ten schools
- Larger MATs - ten to twenty schools
- Large sponsor or chain - more than twenty schools

The DfE anticipate that much future growth will come from small to medium sized MATs who currently vastly outnumber their larger counterparts. This guidance is aimed at these.

- The focus of these MATs is on growing an infrastructure, having a robust model of school improvement, and individuals with strong commercial skills at board level. The importance of these skills increases when the MAT grows beyond four or five schools. The DfE believes a full time financial director will be essential beyond five schools.
- According to the DfE, high performing MATs are more likely to have converter academies as well as sponsored academies within their MAT.
- They have clear accountability and governance structures.

Adapted from DfE: What does a high performing academy sponsor look like?





General characteristics of umbrella trusts

Please note: the DfE is unlikely to approve umbrella trust arrangements in the current climate, except for larger groups. It is likely that if they were to approve one, it would be an 'Umbrella Trust Plus'.

- Each school or group of schools has a trust with members and a board of trustees.
- Shared governance is limited to the powers of the umbrella trust. Some umbrella trusts have powers to hold individual trusts to account (such as the Umbrella Trust Plus).
- Each individual academy trust is a legal entity, employer and holder of land titles.
- Each academy trust has its own funding agreement. There is no ability to share funding without express agreement. The umbrella trust can be used as a shared services vehicle.

Characteristics of the Bare Umbrella Trust

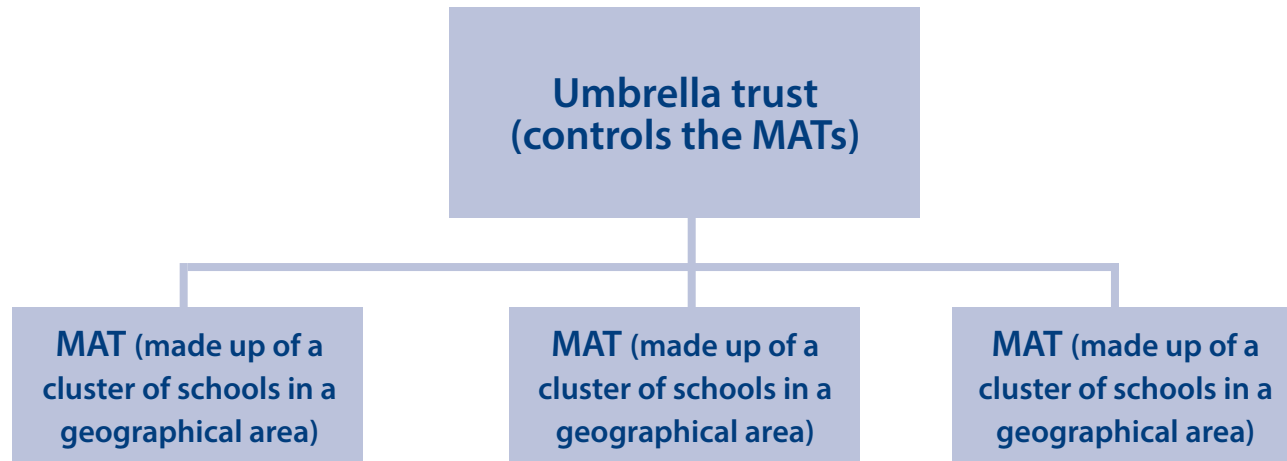
- The individual academy trust is the employer, the holder of land titles, the legal entity.
- A shared umbrella trust is controlled by the individual academy trusts.
- The umbrella trust is composed of a board of trustees, made up of trustees from the individual trusts.
- A partnership agreement is the legal basis of the umbrella trust.

Characteristics of the Collaborative Umbrella Trust

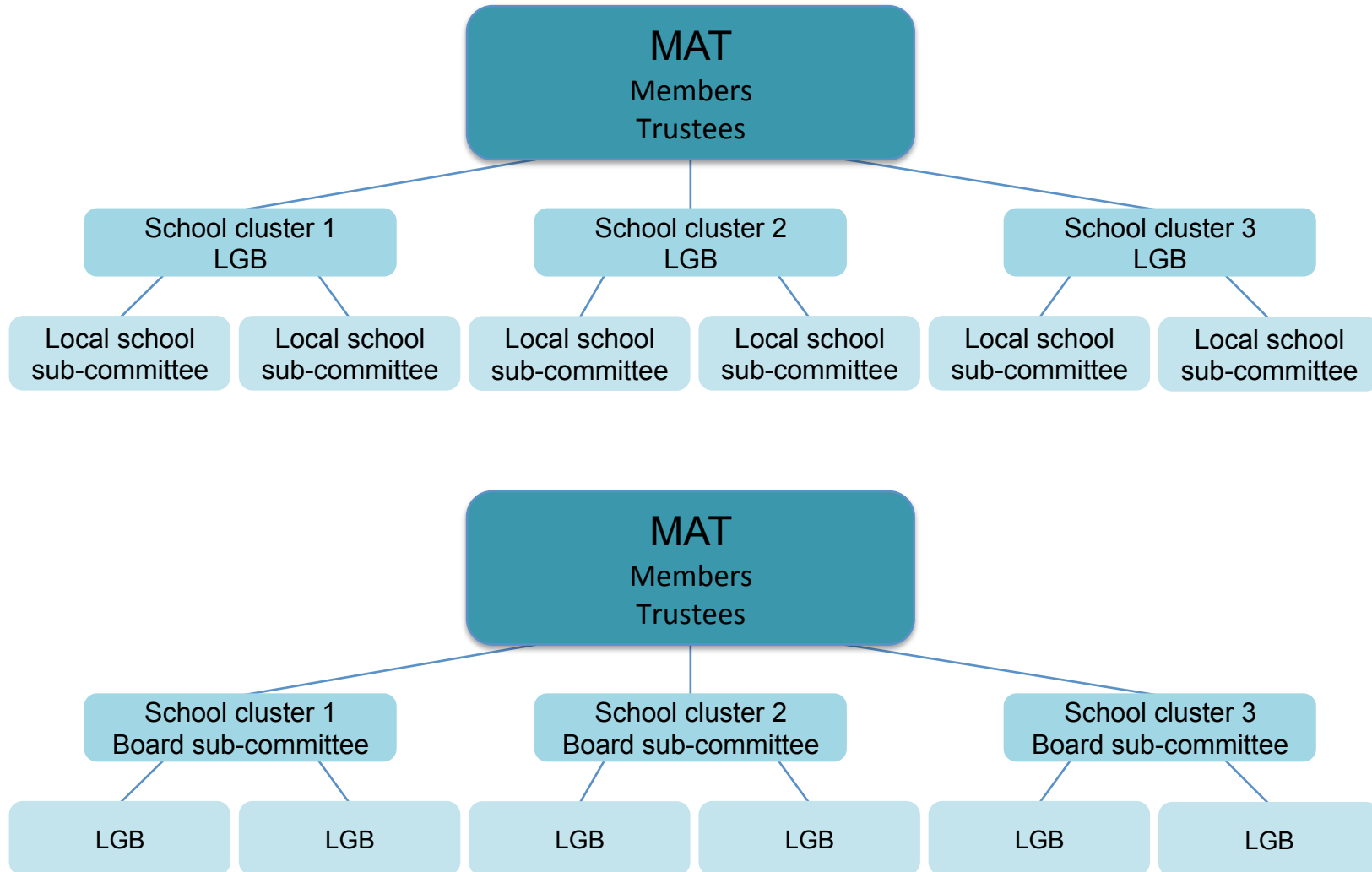
- The individual academy trust is the employer, the holder of land titles, the legal entity.
- A shared umbrella trust is controlled by the individual academy trusts.
- The umbrella trust is composed of a board of trustees made up of trustees from the individual trusts.
- A collaboration agreement is the legal basis of the umbrella trust – this sets out joint working, school-to-school support and the right to exclude an academy trust from the umbrella.

Characteristics of the Umbrella Trust Plus

- The individual academy trust (which in larger groups may be a MAT) is the employer, the holder of land titles, the legal entity.
- In large groups which might spread across more than one geographical area, it is sometimes the case that geographical clusters of schools are grouped into MATs, with the MATs controlled by the umbrella trust (it controls the appointments of members and trustees to the MATs).
- An education partnership agreement is the legal basis of the umbrella trust – this sets out joint working, school-to-school support and intervention rights.



DfE's preferred model of governance for large MATs



Characteristics of federations

- All categories of maintained school, including voluntary aided and foundation schools, can federate together under one governing body if they decide to do so.
- Each federation has an Instrument of Government. This records the name of the federation, the names of its constituent schools and the constitution of the governing body.
- The employer status of the governing body is worth clarifying. The category of school determines the employer status of the governing body and this does not change with federation. In community and voluntary controlled schools the LA remains as the employer (with the governing body exercising employer responsibilities), but for foundation and voluntary aided schools the governing body is the direct employer. Federation governing bodies will need to be clear how the School Staffing Regulations 2009 (as amended) relate to the schools in their federation.
- Schools also keep their existing category and character, and in particular do not gain, lose or change their religious character through membership of a federation.
- The federated governing body is not a separate legal entity. Schools in the federation continue to be maintained by the LA.
- The LA has formal, statutory powers of intervention where in its view the standards of performance in a school are too low.

Section four

Leadership models

This section contains information about executive leadership. It differentiates between the executive head and the CEO. Models of executive leadership are offered. The role of the executive head and CEO as the accounting officer is outlined.

Leadership – the executive head or CEO

An executive headteacher, principal or CEO is accountable for the outcomes of the federation or MAT as a whole. Executive heads or CEOs are 'system leaders' who are accountable for the outcomes of a group of schools whilst having an overview of the national system of education.

In MATs, the executive head, principal or CEO is, if they choose to so act and their appointment is ratified by the members a director under company law, and trustee under charity law.

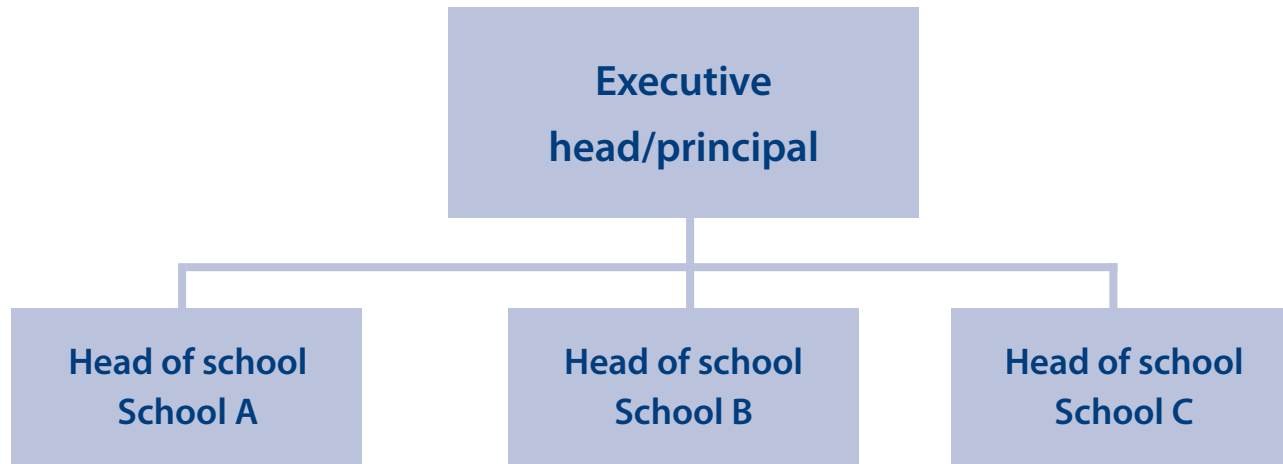
Please see separate guidance on the legal position of executive headteachers and principals and their pay.

Executive leadership may have the following benefits:

- Enables the school leadership team to focus on teaching, learning and pupil progress, while working collaboratively with an experienced system leader.
- Growing 'future leaders' through modelling, coaching, involving in higher level strategic planning and shared leadership.
- School leaders benefit from enhanced professional learning opportunities.

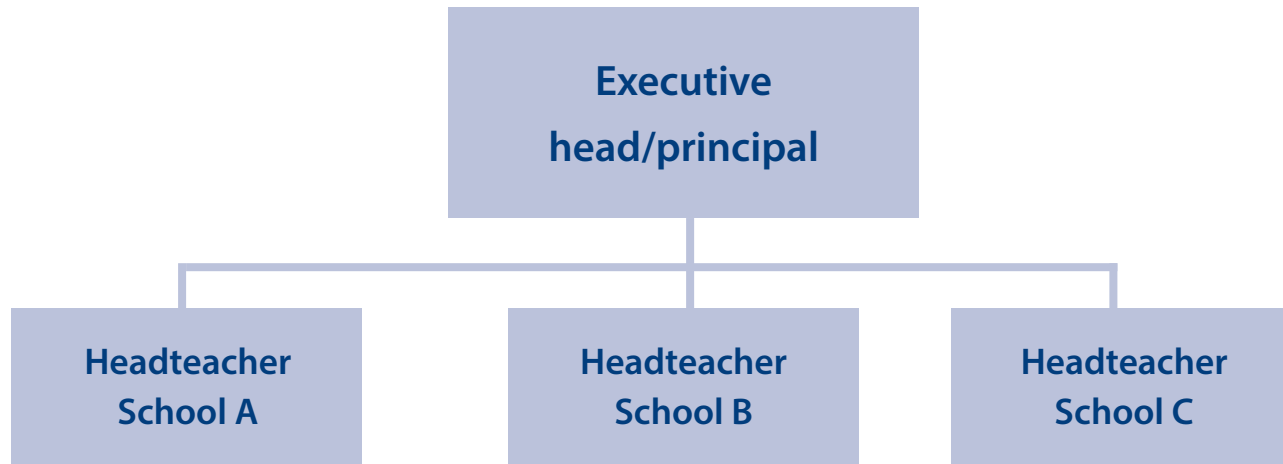
There are different models of executive leadership. In general, an executive head or principal retains the legal responsibilities of the headteacher. The CEO has an overarching, strategic role without being the substantive head of any of the schools in the group; the CEO does not have the legal responsibilities of the headteacher.

Executive head or principal – pure model



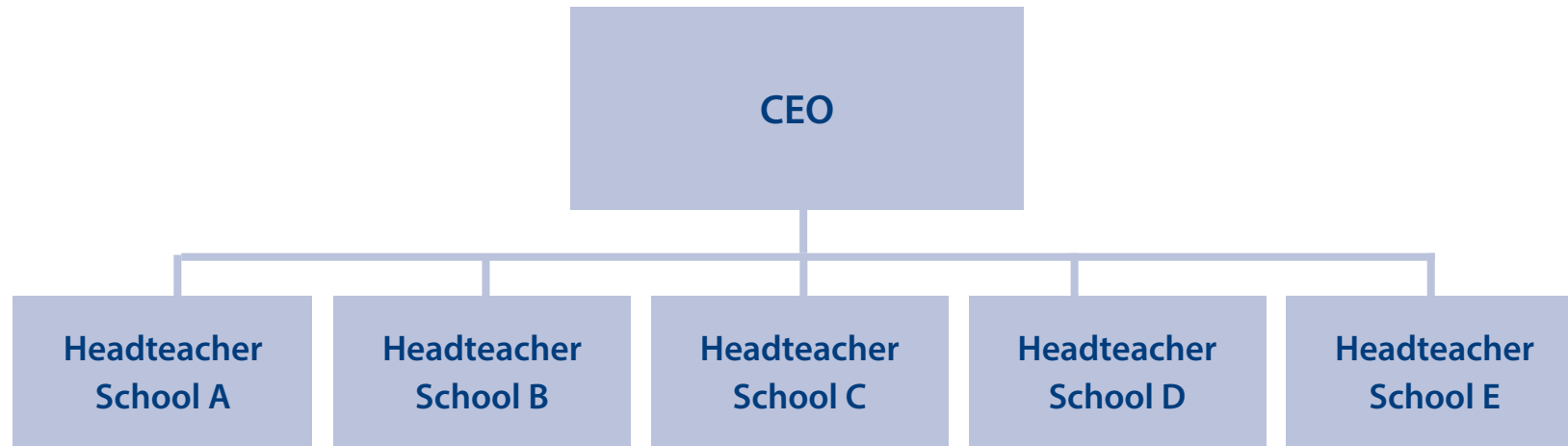
In this scenario, the executive head or principal is the substantive headteacher of all the schools in the group. They hold the legal responsibilities of the headteacher of all three schools. Day to day operational management is delegated to the head of school. The executive head or principal also has an overarching, strategic role for the group. In a MAT they usually have legal responsibilities as a company director and trustee if so appointed.

Executive head or principal – mixed model



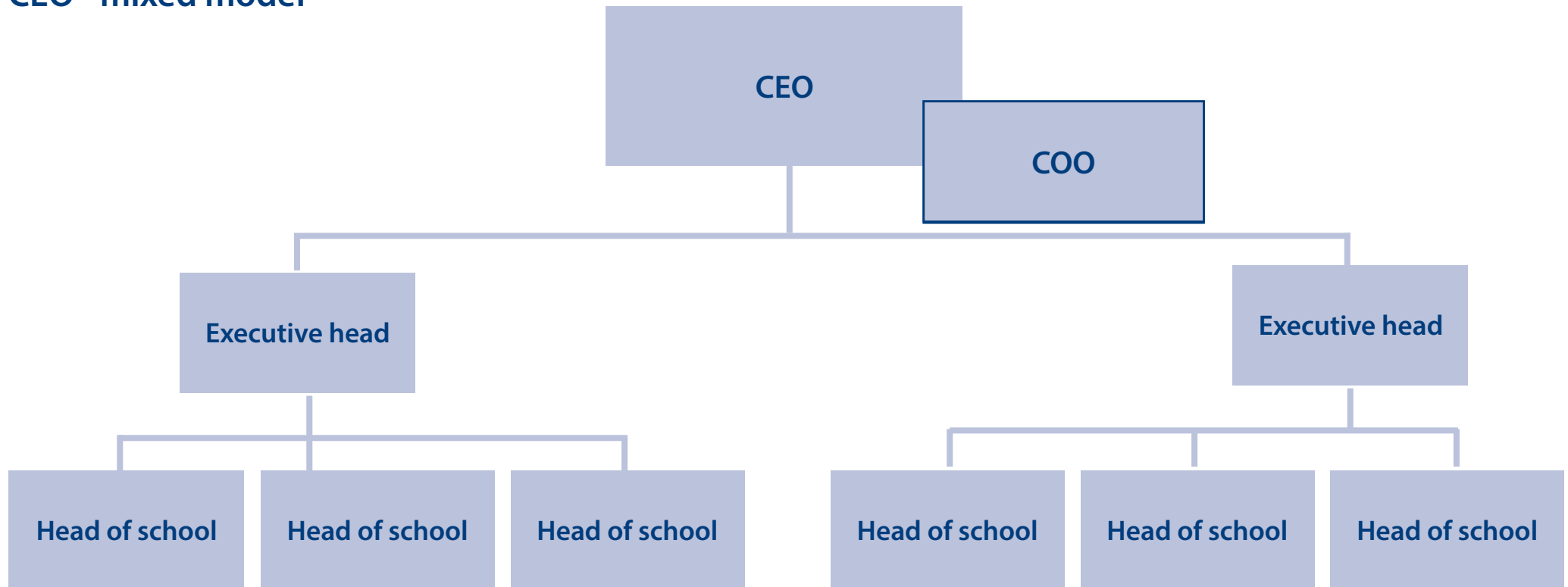
In this scenario, the executive head or principal is the substantive headteacher of one school in the group but has an overarching, strategic role for the group. In a MAT the executive head also usually has legal responsibilities as a company director and trustee. The headteachers of schools A and B hold the legal responsibilities of the head in the individual school, but are performance managed by the executive head or principal.

CEO – pure model



In this scenario, each of the schools in the group has its own headteacher. The CEO has an overarching, strategic role without being the substantive head of any of the schools in the group. In this model, the CEO does not have the legal responsibilities of the headteacher, but is normally the line manager. They draw their authority from the board. They are likely to be appointed as a company director and trustee. This model may be more appropriate as the group grows beyond three or four schools.

CEO –mixed model



In this scenario for larger MATs, each cluster of schools has an executive head. In governance terms, as per the previous slide, the CEO has an overarching, strategic role without being the substantive head of any of the schools in the group. Some larger trusts also have a chief operating officer (COO). The COO is responsible for day-to-day operations.

Role of the executive head or CEO as the accounting officer

- Each academy trust must designate a named individual as its accounting officer. In MATs this should be the chief executive or executive principal. This role is separate from the chief financial officer or financial director.
- The role of accounting officer includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to EFAs accounting officer, for the financial resources under the trust's control. Accounting officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds.
- The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that there is compliance with the handbook and the funding agreement.
- The responsibilities of the accounting officer are set out in section 1.5.19 of the Academies Financial Handbook.
www.gov.uk/government/uploads/system/uploads/attachment_data/file/363753/Academies_Financial_Handbook2014.pdf

Section five

Key decisions

This section starts with an exploration of vision and values. It includes advice for governing boards about setting the strategy. It prompts governing boards to consider their motivation, capability and capacity to grow. The guidance then outlines key decisions related to the business and growth model, professional and pedagogical decisions, people and leadership, governance and delegation. It concludes by offering just one approach to delegation, which should not be viewed as normative or prescriptive.

Vision and values

- Agreeing a shared vision, focused on achievements and outcomes for students, is a central tenet of effective MATs and federations. It is one of the first tasks that a governing board should undertake. Without a shared vision that is effectively communicated, there is evidence that the group will not be successful.
- Your original school will have its own vision and values. When planning to grow either through a MAT or federation, revisit the vision, values and purpose. You will need to make sure these are suitable for an organisation with more than one school and that your vision and purpose can be communicated strongly throughout the organisation. There are serious pitfalls if this is not done.
- Each school in the group may have separate identities and histories but a shared vision for the group is the 'thread' that connects them. For example, a MAT or federation may consider that transition between learning stages and progression between school phases could be strengthened across the group of schools. A shared vision and strategy focuses planning, serving to make explicit what that group's ambitions are for its students.

Setting the strategy

- A strategy with priorities for achieving the vision and with key performance indicators against which the governing board can regularly monitor and review the strategy is fundamentally important. The strategic plan should drive the governing board's activities and agenda setting.
- See the Wellcome Trust and NGA guidance: A Framework for Governance: A flexible guide to strategic planning. www.nga.org.uk/getattachment/1af9e9b3-e599-409a-8b19-e067c671b0ce/FINAL-Framework-for-Governance.pdf.aspx

Motivation, capability and capacity

- Leaders of high performing organisations tend to be strong, ambitious and determined with clear moral purpose.
- Appetite to grow is healthy, but it is valuable and advisable to check your organisation's motivation, capability and capacity to grow. There is a need to make sure that the focus remains strongly on delivering great outcomes for the schools in your trust or federation.

Motivation, capability and capacity audit – 20 questions

Motivation	1	Why do we want to do this?
	2	What do we wish to achieve by this process?
	3	What will be the benefits for students and our school?
	4	How will we ensure we remain focused on achievement and what is best for students?
	5	What impact will this have on staff?
Leadership	1	How effective is our leadership?
	2	Do we have the right people and skills to lead more than one school? If not, how will we address gaps?
	3	How will we adjust roles and responsibilities in our leadership group to align to our business model for growth?
	4	Do we have enough middle leadership capacity to sustain and improve outcomes in this school, while we lead more than one school?
	5	How do we know we have reasonable expectations about what our leadership team (including middle leadership) can achieve?
Governance	1	How effective is governance?
	2	Do we have the right governance structure to lead and govern more than one school?
	3	Do we have governors with the right skills to lead more than one school? If not, how will we address the gaps?
	4	Does the governing board fully understand the new powers, responsibilities and accountabilities it will take on? How do we know?
	5	Do we and the leadership team have the time, capacity and capability to do this?
Systems and processes	1	Do we have effective systems and processes?
	2	How do our back office systems and processes need to change in order to lead and govern more than one school?
	3	How do our professional systems and processes (for example, assessment) need to change in order to lead and govern more than one school?
	4	How effective is our current school improvement and quality assurance model?
	5	Is it replicable and fit for purpose as we grow?

Key decisions – business and growth model

The evidence says:

- Grow carefully, understand your own capacity and the challenges and risks you take on.
- Be aware of key transition points, particularly the phase from five to ten schools.
- Formulate your business model carefully and look at what others have done. There is no single formula for top-slice and central services.
- Strong financial planning is vital.
- Be proactive in finding ways to achieve efficiencies.
- It is advisable to have a mixed portfolio of schools – a balance of sponsored and convertor projects (or for federations, stronger and weaker provision).
- When planning growth, think in terms of geography, plan your development in terms of clusters and understand the risks of adding isolated schools to your group. (Source: DfE – What does a high performing academy sponsor look like?)

Will you:

- Have clear criteria for which schools will be able to join the group?
- Insist on geographical proximity? Note that widely spread trusts can work provided there are workable clusters of geographically proximate schools.
- Develop a growth model that includes convertor and sponsor schools or stronger and weaker schools?
- Have central policies, resources and systems?

Key decisions – professional and pedagogical

The evidence says:

- There are different approaches to the level of prescription on curriculum and pedagogy. An earned autonomy model can be effective, but different organisations set the threshold in different places.
- The level of prescription in relation to teaching and learning is not always related to prescription in vision and purpose.
- Generally more successful organisations take firm control of schools where outcomes are not secure or declining.
- It is also generally the case that high performing organisations have strong partnerships with schools in the wider system (Source: DfE – What does a high performing academy sponsor look like?)

Will you:

- Have a shared distinct teaching, learning and assessment model?
- Develop strong quality assurance arrangements?
- Have a model of earned autonomy? If so, where will you set the thresholds?
- Have a school improvement model that includes taking firm, interventionist action where schools are not secure?
- Have a protocol for how you develop strategic partnerships including with schools in the wider system?

Key decisions – people and leadership

The evidence says:

- Leaders of high performing organisations tend to be strong, ambitious and determined with clear moral purpose - be focused on delivering great outcomes for the schools in your group.
- Make sure your vision and purpose (see section one) is well understood throughout your organisation - branding can be a tool, but it's collective ethos that counts.
- Have individuals with a range of skills including strong commercial skills at board level - the importance of these skills increases when the organisation grows beyond four or five schools. As you grow beyond five, a full time financial director will be essential – you may need to recruit externally.
- Nurture leadership internally and make the most of cross-school professional learning and progression opportunities. (Source: DfE – What does a high performing academy sponsor look like?)

Will you:

- Have a clear common vision and values - how?
- Use branding to communicate vision or let schools retain their own brand?
- Employ a financial director at an early stage or buy in commercial expertise?
- Develop professional learning programmes, pathways and progression opportunities across your organisation?
- Deploy key leaders and staff across the group?
- Have shared terms and conditions and pay scales?

Key decisions: governance and delegation

The evidence says:

- It is vital that the trust has a clear governance structure, with a formal Scheme of Delegation which is understood at all levels of governance.
- Lean boards with a strong skill-set are more likely to be successful.
- It is effective to distinguish between the strategic and operational – strategic direction exercised at board level with more operational accountability at LGB level. (Source: DfE – What does a high performing academy sponsor look like?)

Will you:

- Ensure effective and clear corporate governance?
- Develop an approach to managing risk across the group?
- Delegate responsibilities and functions to LGBs? Note that the level of delegation to schools in the group could be different, with good or better provision having high levels of delegation, and weaker provision having much lower levels of delegation. However, there has to be a point at which decisions are made in the interests of the group rather than the individual school. Be clear about what this point is.

Delegation – key questions

Will the LGB:

- Have a role in determining the individual school's vision, ethos and direction?
- Recruit the headteacher?
- Performance manage the headteacher?
- Have delegated responsibility for the budget?

If the answer to all of these questions is no, then the NGA's view is that it is not a governing body or governing committee, but rather an advisory body.

There are very good reasons why a MAT or federated board may not delegate any or most of these functions. The performance management of the headteacher may well be a function delegated to the executive head, principal or CEO.

It is important to note that there is no one-size that fits all. MATs and federations in different stages may delegate differently. The Scheme of Delegation within a MAT or federation may be different in an 'earned autonomy' model.

Academies - an approach to delegation

Main board

Strategic oversight, setting visions and policies for the group, governance, contractual relationships with third parties, powers of intervention.

LGB

Carrying out the main board's vision, policies and priorities, holding school leadership to account.

This approach to delegation is neither normative nor prescriptive.

An approach to delegation - finance

Main board

- Overseeing the finances.
- Establishing a funding model for use across the trust.
- Agreeing each academy's budget.
- Compliance with the Academies Financial Handbook.
- Oversight of the finances of each academy in the group.
- Determination after consultation with each academy of the extent of services provided centrally and the allocation of cost.
- Establishing process for local management and maintenance of assets and appropriate registers.

LGB

- Seeking value for money and ensuring resources are applied appropriately at academy level.
- Monitoring and reviewing expenditure regularly.
- Maintaining proper accounting records and preparing expenditure and balance sheets.
- Notifying the trust of any changes to fixed assets used by the academy.
- Supporting the trust board in relation to the annual budgetary process.
- Observing proper levels of delegation.

An approach to delegation - accountability

Main board

- Oversight of standards and outcomes across the trust.
- Performance management of the executive head or CEO.
- Annual target setting for the trust in general and for individual academies.
- Oversight of key performance data on a trust and individual academy basis.

LGB

Holding the academy's senior team to account for academic performance, quality of care and provision – contribute to their performance management.

- Regularly reviewing performance and progress and monitoring data.
- Oversight of the quality of teaching and learning across the academy with detailed knowledge of strengths and weakness
- Power to withdraw delegated powers from a LGB and if necessary, disband it.
- Ensuring the academy has appropriate support and intervention strategies in place to deliver high quality teaching and learning.

Section six

What to do and how to do it

This is the 'how to' section. It offers guidance on how to convert your trust, and the actions you need to take to change your existing stand-alone trust into a MAT. It offers a definition of sponsorship and outlines how you become an approved sponsor. Crucially, it offers guidance on due diligence – the activities that are essential to undertake before signing a contract. You will want to ensure that you understand exactly what you are acquiring, that the transferor has the legal right to transfer such assets and you will wish to know the full extent of any liabilities for which you will become responsible.

How to convert your trust to a MAT

- The existing academy trust will need to obtain the permission of the Secretary of State for Education via the EFA.
- The DfE guidance on making significant changes requires the academy trust to consult with key stakeholders, including the LA, for a minimum period of four weeks before submitting a business case to the EFA.
- The DfE require that consultation should be planned to maximise response, which will usually mean holding consultation during school term time. It is also good practice to hold meetings at the academy school, or at a venue close to it, to canvas the views of stakeholders.

The EFA will usually want the academy trust to prepare a business plan which sets out:

- The details of the change, including any potential issues or risks relating to the proposals and evidence of demand.
- When is the change to be implemented and how.
- The effect on other schools, academies and educational institutions within the LA and an overview of the responses to the consultation (see below).
- The degree of LA support and what the academy has done in response to any consultation responses from them.
- Any indicative costings and an indication of how these might be met, including how the change will be sustained in terms of capacity and value for money.
- Any suggested changes to the admission arrangements.

Changing the existing academy trust

There are four main changes which need to be undertaken by the existing academy trust:

- Convert your Articles of Association into MAT articles.
- Enter into a deed of variation to adopt the MAT funding arrangements, converting your current funding agreement into a Master Funding Agreement and entering into a Supplemental Funding Agreement on behalf of each academy school.
- Decide on the governance structure for your MAT – this will include deciding whether any changes need to be made to the directors or members of the academy trust and establishing LGBs for each of the academy schools.
- Decide on a management structure for the MAT.

The EFA will want to view and approve the draft replacement MAT articles. The members of the academy trust should then pass a resolution to adopt the replacement articles. A copy of the replacement articles and resolution should be sent to Companies House.

Sponsorship

- Sponsorship can be defined as taking over responsibility for the governance and improvement of a school in an Ofsted category or in intervention.
- To become a sponsor, you must complete the sponsor application form on the DfE website www.gov.uk/government/publications/academy-sponsor-application-form
- Once you have been approved by the DfE as a sponsor, you will be responsible for completing an Academy Action Plan (AAP) for any school you sponsor. This identifies what areas need to be improved at the sponsored school and a programme for addressing these. The AAP must be approved by the Secretary of State before the Academy Order is issued. The Regional School Commissioner approves the plan for any school to join your MAT on behalf of the Secretary of State.
- The MAT will wish consider its Scheme of Delegation which sets out which powers of the board of directors will be delegated to the LGBs (if any). Where a LGB of a sponsored school exists, the governors on the local board are appointed by the trust.
- You will also wish to have a robust school improvement model in place.
- Voluntary schools will need to enter into a Church Supplemental Agreement with the Secretary of State and their diocese, which sets out the respective rights and responsibilities of the parties and the use of any church lands by the academy trust.
- Sponsor Capacity Funding (SCF) is available to increase the capacity of organisations planning to sponsor their first academy school www.gov.uk/government/uploads/system/uploads/attachment_data/file/279818/Sponsored_academies_funding_advice_for_sponsors_V3d.pdf

Due diligence

Due diligence is an investigation of an organisation prior to signing a contract. Before agreeing to sponsor a school or allow a school to convert into your MAT, it is essential to undertake due diligence activities. You will want to ensure that you understand exactly what you are acquiring, what the extent of the school improvement task is, that the transferor has the legal right to transfer such assets and the full extent of any liabilities for which you will become responsible.

It will be essential for the board to discuss and decide on an appropriate level of due diligence. It is clearly important that any due diligence undertaken is proportionate to the circumstances of the actual transaction.

There are two key purposes to undertaking due diligence:

- The primary purpose is to obtain sufficient information about the organisation joining the trust in order to decide whether the transfer should go ahead.
- Where appropriate, any information revealed can be used to provide a better negotiating position in respect of terms of the transfer.

Due diligence tests

- **Financial:** financial information for the past three years, financial projections, audit reports, capital assets and commitments – it is advisable to commission an independent audit of finance and risk.
- **Organisational:** staffing structure, summary biographies of the senior leadership team, curriculum model and staffing ratios, any ongoing or unresolved staffing issues, pay policy. This will help anticipate the Transfer of Undertaking (Protection of Employment) Regulations (TUPE) when staff transfer to your MAT. You are likely to need specialist HR advice.
- **Performance:** external data is accessible, but it is advisable to familiarise yourself with the extent of the improvement task by reviewing the school's own data. This will help you assess your organisation's capacity to support the school and how this school fits into the portfolio of schools in your group.
- **Legal:** you will want to ensure that all assets and contracts including the title to the school land are effectively transferred to the MAT. It will be important to understand what liabilities may be associated with these, for example, potential employment claims.
- **Commercial:** you will need to understand any additional contracts which will need to be entered into in order to continue to properly operate, for example an upgraded finance system. Ensure you understand all arrangements that are currently implemented by the LA on behalf of the governing body.