

Report To: **SCHOOLS FORUM**

Date: 18 July 2016

Reporting Officer: Bob Berry – Assistant Executive Director - Learning.
Ian Duncan – Assistant Executive Director - Finance.

Subject: **ACADEMY SCHOOL CONVERSION COST**

Report Summary: A report on the related expenditure incurred by the Council when a school converts to Academy status.

Recommendations: Members of the Schools Forum are requested to note the contents of the report and that the associated cost detailed within section 3.4 (table 1) will be charged to any school which converts to Academy status effective from 1 August 2016.

Schools Forum members are also requested to note that the cost of the related conversion process will be reviewed on an annual basis as a minimum. Schools will be notified of any subsequent amendment to the price stated within section 3.4.

Links to Community Strategy: Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.

Policy Implications: In line with current policy

Financial Implications: Section 2 of the report details the related expenditure incurred by a number of services within the Council when a school converts to Academy status. The associated cost detailed within section 3.4 (table 1) will be recovered from any school converting to Academy school status from 1 August 2016.

(Authorised by the section 151 officer)

It should be noted that schools receive a non-recurrent grant sum of £25,000 from the Department For Education to support Academy conversion related expenditure.

It is essential the cost of the related conversion process is reviewed on an annual basis as a minimum and that schools are notified of any amendment to the price stated within section 3.4.

Legal Implications: There is a statutory duty to use resources efficiently and effectively against priorities. Schools are provided with a grant to meet the costs of conversion these include those of the LA in order to ensure process is not subsidized hence the grant. Most other council's recover their costs from this grant

(Authorised by the Borough Solicitor)

Risk Management: It is essential the Council recovers all related expenditure on services it is requested to provide. Failure to recover such expenditure will contribute to the non delivery of an annual balanced budget which the Council is statutorily required to deliver.

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers

The background papers relating to this report can be inspected by contacting Stephen Wilde – Head of Resource Management, Resource Management, Governance and Resources by :



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1. BACKGROUND

- 1.1 A range of Council services support the conversion of a school to Academy status.
- 1.2 To date the Council has not recovered related expenditure of the process from converting schools within the borough.

2. SERVICES WHICH SUPPORT THE CONVERSION PROCESS

2.1 As the ceding employer, and in order for each academy conversion to transpire, the Council is obliged to carry out a number of functions on behalf of the convertor school. These functions are supported by the following Council services:

- Finance
- Legal
- Human Resources
- Payroll
- Estates
- Education

2.2 The functions delivered within the process include the following:

- Providing initial information to the Department For Education (DfE)
- Leading or supporting the formal TUPE process
- Carrying out the financial reconciliation and closure of school accounts
- Preparing documents for the transfer of land and assets
- Liaising with the schools appointed solicitors on the CTA (Commercial Transfer Agreement)
- Preparation of documents for the transfer of pensions

3. FINANCIAL IMPLICATIONS

- 3.1 Converting schools are entitled to a DfE grant of £25,000 to prepare for conversion. It should be noted that the Council receives no additional funding to support the financial impact and increased workloads created by and associated with the conversion process.
- 3.2 The activities detailed within section 2 require a considerable amount of officer time. There is therefore a considerable cost to the Council whenever a school becomes an Academy.
- 3.3 The only charge currently levied by the Council on a school converting to Academy status relates to the transfer of the related payroll service.
- 3.4 The Council will therefore make the following charges (within table 1 below) to related schools for conversion to Academy status to finance the expenditure incurred by the Council. The charges are inclusive of the payroll transfer service where the Council is currently providing that service to the converting school.

Table 1

	£
Convertor / Sponsored Academy – non PFI	13,200

Convertor / Sponsored Academy – PFI	To be determined and will include an indemnity to fund all the external legal costs required to deal with the complex PFI documentation including that of all parties (Council PFIco, funders etc)
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- 3.5 The charges stated within table 1 will be levied on any school converting to Academy status from 1 August 2016.
- 3.6 It should be noted the cost of the related conversion process will be reviewed on an annual basis as a minimum and that schools will be notified of any subsequent amendment to the price stated within section 3.4.

4. RECOMMENDATIONS

- 4.1 As stated on the report cover.