



EXECUTIVE MEMBER DECISION

REPORT OF: Executive Member for Children, Young People & Education

LEAD OFFICERS: Director of Children's Services

DATE: 18th January 2019

PORTFOLIO/S AFFECTED: Childrens Services - Schools and Education

WARD/S AFFECTED: All

SUBJECT: School Academy conversion charges

1. EXECUTIVE SUMMARY

The purpose of this report is to seek authorisation to ensure the recovery of costs incurred by the Council in the undertaking of Schools Academy Conversions.

Also to provide existing maintained schools with clarity on, and an estimate of costs relating to, the conversion process, based on school status.

2. RECOMMENDATIONS

That the Executive Member approves the proposal of charging for Council resources used in the Schools Academy Conversion process.

3. BACKGROUND

The Academies Act 2010 provided all maintained schools with the opportunity to convert to academy status operating independently from the Local Authority.

When a decision is made for a school to convert to an academy there is a process for the Council to follow that deals with significant assets and legal issues and therefore needs to be resourced appropriately.

Converting schools are entitled to a Department for Education (DfE) grant of £25,000 to prepare for conversion (£37,000 for PFI schools). The local authority receives no additional funding in order to deal with the financial impact and increased workloads associated with the conversion work.

To date 11 schools have converted to academies, all associated costs have been borne by the Council.

In the current financial climate the current approach of the Council absorbing the costs of the associated works is no longer sustainable, the implementation of a financial contribution from the schools undertaking an academy conversion is now required.

The Council are aware of several schools that are considering converting to an academy, therefore increasing the demands on the services provided by the Local Authority.

The current market rate being set by other Local Authorities is between £5,000.00 and £10,000.00 per conversion. Charges will vary on a case by case basis depending on the complexity of the conversion and the status of the school, for example:

- A Foundation or Voluntary Aided school will generally not require HR/TUPE or land transfer streams reducing the costs, whereby a community or voluntary controlled site would require this work to be undertaken as the Local Authority is the employer and land owner.
- The costs for a PFI school converting to an academy are significantly higher owing to the large and

often complicated PFI funding contracts documentation. External legal fees for a PFI school can range between £12- 20k.

The Tables below outlines the proposed costs:

Primary/Special Schools and AP Schools	
School Status	Proposed charges
Voluntary Aided	£5000.00
Foundation	£5000.00
Voluntary Controlled	£6500.00
Community	£6500.00

Secondary schools	
School Status	Proposed charges
Voluntary Aided	£6000.00
Foundation	£6000.00
Voluntary Controlled	£7500.00
Community	£7500.00

It ought to be noted that, should the conversion be delayed or deferred, costs will have already been incurred by the Council in the processing of the conversion to that date. These costs will be charged to the school converting to an Academy status.

Schools preparing to convert will be asked to plan for this contribution in their conversion process and the budget as appropriate.

For PFI schools all external legal fees will be recharged to the school

PFI schools wanting to convert to an academy will be required to pay the above detailed standard charges but also additional charges relating to the production and negotiation of the Deed of Variation (DoV) as well as the Special Purpose Vehicle (SPV) including the lenders costs. Quotations for this work can be obtained on a case by case basis.

4. KEY ISSUES & RISKS

Additional financial burdens to the Council if not approved

5. POLICY IMPLICATIONS

None

6. FINANCIAL IMPLICATIONS

The proposals will ensure that the Council is reimbursed for costs incurred in facilitating the academy conversions. Prospective academies receive a grant of £25k (£37k for a PFI school) from the DfE which can be used to reimburse the Council for the work undertaken.

7. LEGAL IMPLICATIONS

The Academies Act 2010 (as amended by the Education Act 2011) is the main legislation governing the establishment of Academies and enables any educational institution to apply to the Secretary of State to convert to an Academy. There is a statutory duty on the Council to facilitate conversions to Academy status within a specified time period. However, there is nothing in the legislation to suggest that the Council cannot charge the school for the costs of conversion.

The charges must be reasonable and the Council cannot be seen to be making a profit from it.

8. RESOURCE IMPLICATIONS

Typically the work will be undertaken by existing staff resource. Where required should the resource available not be enough to complete the work in the required timeframe, income may be offset against additional staffing resource. Permissions for additional staffing resource where required will be sought through the Councils workforce management processes.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

School governing bodies will be advised of the decision to charge for academy conversion costs in the 2019 Spring term Governing Body meetings.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

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DATE:	19.12.18
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BACKGROUND PAPER:	None
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