



ACADEMIES - THE FACTS

MARCH 2011

Academies are big news. With more and more cuts to funding, is converting to an academy the right thing to do? If you don't convert, cuts in funding may mean cuts in teacher numbers and fewer opportunities for students.

Here are some questions that may be cause for concern.

What is an academy and how is it funded?

An academy is a publicly funded independent school free from local authority control. The school will obtain its funds directly from Government (YPLA). Unlike the old style academies, new academies are not funded by businesses or sponsors. The school's assets are held in trust by the trustees/governing body. The Government has, in this way, shown trust in head teachers and school governors and appreciates that they do know how best to run their schools for the benefit of all pupils and the wider community.

What would academy status mean for our school?

Converting to an academy would free the school from involvement with the LEA. You will have full control over policies, priorities and the needs of your students and can allocate your funding as you see fit. This will include having the freedom to employ teachers, cleaners, service providers etc on contracts that suit you. There is no obligation to stick to the current curriculum. Whilst the school may no longer have free access to the services currently provided by the LEA, they may choose to use them for matters such as payroll but this will be at a fee.

The Governing body will be the employer of staff. Many staff will worry about employment contracts and changes in their working hours, pensions etc, but this needn't change. There is no reason why a well run school shouldn't keep its current teaching staff with current pay and conditions. Pension rights should remain unaffected in the transfer to academy status, as should

continuity of service and all accrued rights.

There is no need to change the name of the school, the only change would be as to who has control of the finances and that would be the Governing body.

Do we have to change?

No. However, more and more schools are seeing the financial benefits for converting which means that LEA resources will be reducing. There is therefore the risk of less funding being available from the LEA which could have a detrimental effect on the budget of local schools that remain under their control.

What processes do we need to follow to convert?

The conversion takes a minimum of three months. The costs involved in setting up an academy are supported by a grant from the government.

The steps to follow are -

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- Register an interest
- Consultation with staff, parents, students and local community
- Decision is made by the governing body
- Application to the DfE
- Formation of the legal entity, a company limited by guarantee which registers as a charity
- Appointment of governors and charity trustees
- Signing of the funding agreement
- Conversion to an academy

I need more advice, who can I turn to?

Edmund Carr has been established in Chelmsford since 1953 with six partners and a staff of 38. Eric Williams has a wealth of experience in the charitable sector and Stewart Martin (a Governor at a local school) is one of the firm's Audit partners. Both have first hand experience of the processes

involved when considering/ converting to academy status.

The practice can assist in determining what the financial benefits would be for you if you were to convert by way of due diligence reporting. We can assist with the setting up of the charitable company and can help in preparation of the annual accounts, which tie in with the academic year and can support you in dealing with taxation and VAT issues that arise.

We operate an approved BACS payroll bureau and can take over the service which has been previously performed by the LEA. We can offer advice on which accounting systems to use; provide audit services; training to governors on their roles and responsibilities as well as offer a complete company secretarial service and will ensure you are fully compliant with your obligations to both Companies House and the Charities Commission, by providing accounts in the required regulatory format.

Via our subsidiary company, EC Management Services, we are also able to offer assistance with payroll services and book keeping at a discounted charging rate.

As a UK200 Group member firm, we have access to the expertise of a number of member firms of solicitors who can advise on the legal aspects of converting to an academy. We are able to come along to meet with your board of governors, at no charge, to talk through any issues you may have.

Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

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