



Academy Forum e-bulletin

Welcome to the latest issue of the Academy forum e newsletter.

The topics for your interest have been provided by Randall & Payne LLP an active member of the UK200Group Academy forum.

Apprenticeship Levy

The apprenticeship levy commenced on 6 April 2017 requiring all employers operating in the UK, with a pay bill over £3 million each year, to invest in apprenticeships. This means that nearly all maintained schools, most multi academy trusts and larger standalone academies will be included. With the connected person's rules meaning an employer who operates multiple payrolls only being able to claim one £15,000 allowance, maintained schools are caught under the local authority total wage bill as many multi academy trusts will be too.

With Academy funding already coming under pressure academies will need to review their current training and apprenticeship to try and match the current arrangements to the new apprenticeship schemes. Whilst it can be seen as an additional cost there is an opportunity to tailor existing training and staff upskilling to make use of the levy. For example CIPFA is intending offering accountancy apprenticeships through the levy funding at various levels.

Given the financial pressure it should also not be forgotten that the government will provide a 10% top-up to the monthly levy paid by the employer. Also employers who do not pay the levy but still wish to hire apprentices can share the cost of training and assessing their apprentices via "co-investment". From May 2017 the employer can pay 10% towards the apprenticeship training costs and the government will pay the remaining 90%, subject to a [funding band maximum](#).

Income Generation/Trading

Following the government departments having further spending cuts or freezes imposed there is becoming more and more of a need for Academies to generate their own income to sustain their budgets. Whilst a study by the Institute of Fiscal Studies suggested that the budgets for the Department of Education had grown by 3% in real terms up to 2015 there is now real pressure on the budgets caused by amongst others rising pupil numbers, pay, pension and national insurance contribution increases.

The Department of Education itself has suggested that the savings required in the period 2015-2020 of around £3bn equate to an 8% real term reduction on pupil funding.

Given there appears to be a funding gap it could be considered that there are 3

principle ways in which the gap can be bridged ...

To read more on this [click here](#)

Curriculum delivery and costing

With the funding gap between what Academies would like to offer educationally and what they can offer with financial constraints an active consideration of costing the curriculum is required. With at least 60% of the Academy budget being spent on delivery through the classroom there does need to be an efficiency in this.

Whilst the Academy is judged by its educational attainment this does need to be set against the need to balance the budget and avoid the stigma of deficits and a potential Financial Notice to Improve (FNtI). Whilst the 2 targets are not mutually exclusive there will be a tension between them, particularly when considering whether staff are prioritised first or the curriculum.

[Click here](#) to read the full article ...

Financial Notice to Improve (FNtI)

The ESFA continues to issue FNtI's to Academies and Multi Academy Trusts that it considers need to improve, with reasons for recent ones including

- A request to adjust the funding profile due to a cashflow issue resulting in a self-assessment of inadequate financial health
- Material weaknesses in the accounting practice and internal controls
- Failure to submit audited financial statements in breach of the funding agreement
- Failure to provide a robust and timely recovery plan
- Preparation of significant cumulative deficit budgets

For all of the FNtI's implications and reasons [click here](#) ...

General Reminders

To read more on the following stories ...

- Managing asbestos in schools
- The Schools' buying strategy
- ESFA and Budget forecast information
- ESFA - Condition Data Collection
- Teachers' Pension - Monthly Data Collection
- DfE & Canon - money saving deal for school printers
- ESFA - Accounts return updated for 2017

[Click here](#)

Special Severance payments

[This guide](#) is for academy trust accounting officers and finance staff considering making special severance payments. It explains what you should consider before making any such payments, and how to seek approval from the ESFA for payments of or over £50,000, or for any value where an FNTI is in place.

Special severance payments are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. You can read more in section A4.13A of the HM Treasury publication Managing Public Money. Severance payments, specifically non-contractual elements, are always under close scrutiny.

The National Audit Office published a report on severance payments in June 2013 and the Public Accounts Committee followed this up shortly afterwards.

Upcoming deadlines

For all the due dates listed below [click here](#)

- Companies House Annual return
- FMGS
- Teachers' Pension Audit submission
- Companies House Financial Statements

Summary reporting deadlines for ESFA ...

- Financial Statements
- Accounts Return
- FMGS
- Budget Forecast
- BFRO
- Financial Statements on the website
- Land & Buildings return

The UK200Group Academy Forum is part of the UK200Charities & Education Group.

[click here](#) for a full list of UK200Group Academy Forum members.

About the UK200Charities & Education Group

We are specialist chartered accountants and lawyers providing accounting, legal and advisory services for clients in the charity sector. Our members have a wealth of knowledge and understanding of the sector, providing expert support and assistance for charities ensuring Trustees discharge their responsibilities properly as defined by Charity Law, guidance issued by the Charity Commission and OSCR including the application of the SORP to the annual report and accounts, audits and independent examinations and advice on VAT, Gift Aid procedures, investments and funding.

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