

# NORTHUMBERLAND

## COUNTY COUNCIL

### Wellbeing and Community Health Services

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## SCHOOLS' FORUM

18 January 2017

### PROPOSED RECOUPMENT OF ACADEMY CONVERSION COSTS

#### Summary

A report is going to Northumberland County Council Cabinet on 7<sup>th</sup> February proposing the introduction of a charge to schools converting to academy status. In line with an increasing number of local authorities, this proposal is seeking to ensure that the local authority has the necessary capacity and resources to support the anticipated significant increase in academy conversions over the next few years as schools respond to the Government's stated policy objective, for all maintained schools to either become an academy.

Subject to the approval of Cabinet, the proposal will require an amendment to the Northumberland Scheme for the Financing of Schools to add to the list of circumstances in which charges can be made by the local authority resulting from the actions of governing bodies. The proposed charge will be recovered from the £25,000 Government grant converting schools receive to support the conversion process.

#### Recommendation

- To note the report going to Northumberland County Council Cabinet on 7 February proposing the introduction of a charge to schools converting to academy status in order to recoup the costs to the local authority in relation to the academy conversion process.
- To seek the views of Schools Forum ahead of consultation with schools on a proposed amendment to the Northumberland Scheme for the Financing of Schools in the event that Cabinet approve the proposal.

## Background

1. The Academies Act 2010 gave all maintained schools the opportunity to become academies, operating independently and not under local authority control. There are different circumstances and conditions under which schools become academies - some choosing to convert and others required to convert with a sponsor in order to address performance concerns.
2. The Government policy, is for all maintained schools to either become an academy by 2020, or to have an Academy Order in place to convert by 2022. While there has been a subsequent step back from forcing schools to become academies, at the time of writing the policy objective remains.
3. The table below illustrates the position in Northumberland in respect of academisation as January 2017:

Phase	Maintained Schools		Academies/Free Schools		Total
First	73	96%	3	4%	76
Primary	44	92%	4	8%	48
Middle	19	76%	6	24%	25
High	6	66%	3	33%	9
Secondary	2	40%	3	60%	5
All Through	0	0	2	100%	2
Special/PRU	9	100%	0	0	9
<b>Totals</b>	153		21		174

4. Academy Orders have been received for a further 4 conversions, with 2 scheduled for conversion in Spring term 2017. A further 4 schools have been allocated sponsors who are carrying out due diligence. When these schools convert, there will be 145 maintained schooled (83.3%) and 29 academies (16.6%) in Northumberland.
5. The profile of the Northumberland conversions (including sponsored) dealt with each year since the Academies Act 2010 was introduced, is summarised in the following table:

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Conversions	1	5	3	2	4	-	3*

\*so far this academic year

6. If the Government policy objective remains for all maintained schools to become academies, this would require the Council to manage, significantly more conversions than has been the case in a single year to date. However, as the process is not linear and is dependent on the decisions of individual school governing bodies (for those choosing to convert), or the Regional Schools Commissioner (for those required to convert via the sponsor route), the numbers of conversions in any given year from 2017/18 onwards is impossible to forecast.. All indications are that there will be an increased call on the Council resources, at a time when funding for the councils core duties is being significantly cut by the loss of the Education Services Grant (ESG).

### Council Resources in Managing Academy Conversions

7. In order to make each conversion happen, there are a number of administrative tasks that the local authority is required to undertake, including:
- preparing documents for the transfer of land and assets
  - liaising with the schools approved solicitors on the lease and commercial transfer agreement
  - dealing with the TUPE transfer of all school staff to the receiving academy trust.
  - closing down and reconciling the school's financial accounts

There is a great deal of officer time involved in ensuring that each transfer is completed effectively and within the required timeframe.

8. The Council does not receive a direct source of funding to cover the costs linked to academy conversions. While the majority of councils in England are currently absorbing the associated costs of the transfer process from within their existing resources, there is evidence that an increasing number are beginning to exchange for officer time. Staffordshire, Leicester, Swindon, Norfolk, Portsmouth and Medway are among those charging for officer time, with a capped sum of £5,000 per conversion emerging as the average charge.

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### Proposal

10. A proposed charge of £5,000, based on the current market average in other local authorities, is regarded as a reasonable proportion of the £25,000 Government grant providing to converting schools to cover the Council's costs in transferring a school to an academy trust. The workload associated with each conversion will, and

does vary according to the complexity of the process in each individual case. However, in general terms the time required to manage an individual conversion is not specifically related to the size of phase of a school and so a standard capped charge is deemed appropriate.

11. It is proposed that the charge is made at the start of the conversion process, after the Academy Order has been received, the process of conversion has commenced and the school has received their grant funding. Converting schools will be required to ensure that they make sufficient provision from the £25,000 Government grant to meet these costs.
12. It is being proposed that this new arrangement, if approved by Cabinet on 7 February, is applied to all Academy Orders received from 1<sup>st</sup> April 2017.
13. The proposal before Cabinet, if approved, will require an amendment to the Northumberland Scheme for the Financing of Schools. The Department for Education guidance for schemes includes the right for local authorities to protect their financial position from liability caused by the action or inaction of governing bodies. There is also a requirement for local authorities to consult schools on the intention to amend the circumstances in which charges can be made. It is proposed that this consultation is undertaken February if |Cabinet approve the proposal.
14. School Forum are asked for their views on the introduction of a charge for academy conversions in order for the local authority to recoup their costs in respect of the conversion process.

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