

DCC UPDATE BRIEFING 2 ON ACADEMIES

Joint Report of the Executive Director of Children and Young People's Services and Deputy Chief Executive

Please note that the following recommendation is subject to approval by the Cabinet and confirmation under the provisions of the Council's Constitution before taking effect.

Recommendation: That Members note the implications of the financial issues relating to Academies and the impact not just on the Children and Young People's Services, but on the wider Council, if significant numbers of schools convert to Academy status.

1.0 CONTEXT

- 1.1 The attached updates [1 and 2] provide information about the emerging context and implications of the Academies initiative. These updates are important for schools' Governing Bodies as they deliberate the relative factors affecting their decision to convert to Academy status.
- 1.2 All members were sent the Corporate Update No. 1 and Position Statement [Appendices A-D] in June. This second update provides greater clarity on the financial situation and the potential numbers of schools considering conversion. This list [Section 2.2 in Update 2] is in the public domain.

SUSTAINABILITY CONSIDERATIONS

There are no sustainability considerations specific to Academy conversion.

CARBON IMPACT CONSIDERATIONS

Academies will be subject to the same carbon reduction requirements of the Authority and they will remain part of the DCC estate for collection of carbon data purposes.

EQUALITY CONSIDERATIONS

The impact of Academies has the potential to affect the equity of funding distribution between schools and the distribution of learners with Special Educational Needs across the schools system.

LEGAL CONSIDERATIONS

When the Academies programme is fully up and running it is not envisaged that there will be legal issues, but in the short-term the haste with which schools are being converted for September 2010 has implications for compliance with TUPE regulations and due diligence on all transferring functions from the LA. Control over land and assets will transfer to Academy Governing Bodies, via a long lease.

RISK MANAGEMENT CONSIDERATIONS

The risks are to the core functions of the Council from which a percentage of funding will be removed for each Academy. Risk mitigating measures can be secured only if Academies choose to purchase back transferring functions at full cost recovery rates; this is unlikely to be the case for all Academies.

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Local Government Act 1972. Background Papers:

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DCC Update Briefing 2 on Academies

For Schools, Officers & Members

2.7.10

Copies : 1. CYPS SLT, CLT,
3. DAG, DASH, SHAD, DAPH, (via HLG)
5. TCC

2. CYPS Managers
4. All schools and Governing Bodies
6. Diocese (RC & CE)

Process : CLT/Leader/Lead Member : 14-6-10,
CLT Cabinet : 28-6-10, Cabinet : 14-7-10,
FLA : DEF : 30-6-10

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Academies - Update Briefing No.2

1. Introduction

- 1.1 The initial guidance and position statement were issued by the Council on 15th June to support schools in their strategic planning and to inform officers and elected members of the situation as it was understood at that time. Since that date the DfE have published the list of all schools expressing interest in Academy status and on the 25th June the DfE published the financial calculator for estimating the funding transfer for school on conversion to Academy status.
- 1.2 There has been significant confusion surrounding the detail of conversion to Academy status and it is still an unclear picture on much of the detail. It has become evident that the DfE expect local authorities to conduct the statutory TUPE exercise to transfer staff to the new Academy but equally evident that they have not factored in the legal parameters regarding statutory consultation, due diligence and physical transfer of the database of details. The Council's HR department indicate that it is impossible to achieve the TUPE transfer of staff in the timescales now available before the end of term for a September 2010 conversion. In addition to the legality of this, there is the fact that HR is a delegated service and schools opt to purchase an HR Service Level agreement (SLA) - not all schools make this choice. In any event the SLA does not cover the workload associated with transferring upto 300 staff (in the case of a large secondary school). The DfE's assumption that councils would assume this additional workload is unreasonable.
- 1.3 At the Devon Education Forum (DEF) meeting on 20th June the Forum agreed four recommendations in relation to Academies :
- A. *That DEF believes that, given the whole scale changes being proposed by the DfE in school provision, it is necessary to reiterate its commitment to the paramount needs of learners and the Devon family of schools;*
 - B. *That Def values the contribution of parents, governors, staff and local communities in creating a positive learning environment for all pupils;*
 - C. *That DEF therefore believes it is best practice that any application by a school Governing Body for conversion to Academy status should consider the views of parents, staff and the local community that the school serves;*
 - D. *DEF is committed to working collaboratively together in the best interests of all our young people irrespective of our governance arrangements or status.*

2. Schools' Position

- 2.1 Three schools have been confirmed by the DfE to the Council as having been approved for a September start as Academies - all three have 'Outstanding' Ofsted Judgements. The Authority has expressed concerns to the DfE regarding the sign up of schools before the funding model has been confirmed and modelled for the schools. The schools are Ivybridge Community College (11-18), Uffculme School (11-16), Broadclyst Primary School. A further 4 schools have been indicated as converting in January 2011.

2.2 The DfE published a website list of all those schools deemed to have 'expressed an interest' in becoming an Academy - in reality this includes all those schools that simply ticked a box to indicate that they were interested in receiving more information about the initiative. This has caused some media embarrassment for some headteachers and governors where school names have appeared but no proper discussion at the strategic level within school has taken place. In total 34 Devon schools have, to date, appeared on either the DfE list or have notified the LA - including the 3 above. Several headteachers have contacted the authority to assure us that they will not be pursuing the Academy option despite their name being on the list.

NB : O = Outstanding Ofsted Judgement

Broadclyst Community Primary School (O)
 Chulmleigh Primary School (O)
 Clyst Hydon Primary School (O)
 Colyton Grammar School (O)
 Ilfracombe Infant and Nursery School (O)
 Ivybridge Community College (O)
 Kingsbridge Community College (O)
 Newton Poppleford Primary School (O)
 Newton St Cyres Primary School (O)
 South Dartmoor (O)
 Uffculme (O)
 West Down School (O)
 Willand School (O)

Beer Cof E Primary
 Ermington Primary School
 Exmouth Community College
 First Federation, Devon (*Blackpool P, Chudleigh Knighton P, Salcombe P, Lady Seawards P*)
 Isca College of Media Arts
 Manor Primary
 Modbury Primary
 Newton Abbot College
 Okehampton Community College
 Sidmouth College
 St James School
 St Michael's Nursery and Primary
 St Peter's Church of England Aided School
 Stoke Hill Junior School
 Stokenham Area Primary School
 Stowford Primary School
 Teign School
 Teignmouth Community College
 The King's School
 Tidcombe Primary School
 West Exe Technology College

2.3 Diocesan schools should also be referring to the guidance provided by the relevant Diocesan Authority. The council wishes to stress again the importance of Governing Bodies debating the questions posed in the Council's Position Statement (see Appendix A) before coming to a decision about converting to Academy status.

2.4 The education service and its schools have been concerned about whether the focus on collaboration and the Devon wide community of learners is at risk under a fragmented school system but this does not need to be the case. Academies can still be

part of the three phase associations (DASH, DAPH, SHAD) as well as DAG, but they will need to pay subscriptions fees as the central resource allocated to these associations will be correspondingly reduced as schools convert. Academies can choose to continue to be part of their local learning community (LLC) but will need to ensure that their practice is aligned with LLC aspirations

3. Financial Implications

3.1 Indicative allocations of extra funding for schools/recoupment from the DSG & potential impact on services

The funding body for Academies will be the the Young People’s Learning Agency (YPLA). The principle of Academies’ funding is that they should receive the same level of per pupil funding as they would receive from the LA share as a maintained school. In addition they receive top-up funding to meet additional responsibilities that transfer to them upon conversion (Academy opening date). DfE staff have advised that there is ‘no new money’ as previously thought from the Impact Assessment associated with the Academies Bill information on the DfE website. They advise that the money will be recycled so that the funding allocated to a converting academy will be broadly what is recouped from the LA, not only from the DSG. The 10% extra referred to in the press should be ignored. There is a very simple calculator on the DfE website in the Academies section. The percentage will vary according to the number of school actions and school actions plus children, as reported in the January 2010 census.

Broadly a 15:85% ratio of DSG to LA Core funding will be removed form the central budgets to fund the conversion process. This then means that the cost implications become a corporate issue and not just a challenge for the CYPS budgets and systems.

If the recoupment calculation had followed the same methodology as that applicable to Dartmouth new Academy then the funding recouped from the LA and allocated to the academy would be considerably less than previously indicated - at around £80k part year or £140k full year for a large secondary school. DfE have refused to confirm County’s calculations based on the recently issued national calculator but our financial assessment of this is that the allocation will be a significantly positive financial inducement to the school - beyond what it may notionally cost to deliver the additional responsibilities. For the council the impact of this reduction in core budgets would be correspondingly, and negatively, significant.

3.2 Critical Mass of schools opting for Academy Status Impacting on Council Services

In seeking to determine whether there is critical mass that would jeopardise central services, the answer will be ‘yes’ - until recently the council had considered how we might lose more than 10% of funding and schools through the creation of a new unitary authority and believed that services, although smaller, would continue. The impact however of the Academy funding being removed, not just from the Schools Budget but also from core budgets, would be critical. This is because it could be at a percentage ratio that could potentially remove upto £30m from core budgets with a consequent impact on infrastructure services and core running costs (irreducible minimum) of the County Council.

3.3 Conditions Required by Schools

Schools need to produce accounts that comply with the Companies Act. The accounts need to follow charities and company law requirements. The accounts are normally for an

accounting period ending at 31 August as Academies are funded for an academic year. They can be completed by the school bursar but the school may need to buy in expertise if there is insufficient experience of doing such accounts. The software requirements really depend on the volume of transactions, and professional advice should be sought. Academies' accounts have to be audited by an external auditor appointed and paid for by the Academy annually in the autumn. Schools will need to estimate the private sector costs/full cost recovery fees of purchasing a variety of services that transfer to them and be convinced that they can secure these services within the envelope of funding. Schools transferring should not assume services currently bought from DCC represent the cost to be estimated. Schools are currently part of DCC which remains legally liable, but once a school has converted to an Academy, it is therefore the responsible body. Full costs and full risk will mean a different level of service and cost. In addition there would need to be an allowance for the risk in the event of any major event such as an industrial tribunal where fees and settlements may need to be found. Of course, all schools will need to operate a local payments system involving making payments through a Bank, etc. It can't be an option to stay in DCC's payment system.

3.4 Funding Periods

At this stage, DfE will only be able to tell academies about their funding level for the first year. In terms of multi-year budgets in the future, this is one of the things the Government will need to consider as part of its review of school funding. Seven year funding guarantees have been indicated for Academies but it is not clear how these can sit with a three year cycle for funding formulae.

3.5 Capital Funding

Capital funding for recurrent capital costs or major refurbishment such as a new roof, sports hall, Boiler etc - Capital funding programmes for Academies for any work beyond the initial construction for 2010 converters are still under consideration (except that Academies, like maintained schools, receive Devolved Formula Capital). The Academy is entirely responsible for all its capital requirements, including health and safety, although it may seek grant aid.

3.6 Deficit School Budgets

At conversion date if a school has budget deficit, it transfers with the school and is not left with the DSG. However the deficit will need to be agreed with the funding body - the YPLA (Young People's Learning Agency) and an instalment and re-structuring plan agreed with them. Academies will not be allowed to run a deficit budget without remedial action.

3.7 Special Educational Needs (SEN)

The funding allocated for meeting the needs of children with SEN (exceptional arrangements funding for individual pupils) will continue to be allocated direct to the Academy from the LA. The LA will continue to have the legal duty (for all children with statements of SEN) to ensure that the statement is fulfilled. There may be a risk that Academies will not in time reflect the average range of pupils with SEN and the higher proportion of schools that choose not to opt for Academy status will be disproportionately weighted with SEN learners supported by a reduced core service and resource pool. There is no inherent reason why Academies cannot continue as part of the Stepping Stones programme and even host centres on their sites as part of the commissioned provision by the local authority. The responsibility for SEN, including SEN [except for statemented pupils] will rest with each Academy and must be funded within its overall resources.

3.8 Small Schools and Subsidies

Academies get their funding based on the local funding formula plus additional top up. Schools will be aware the local funding formula is being reviewed with the intention of making changes from April 2011. This includes possible changes to minimum funding and small school support discussed at recent consultations. Any changes will impact on the funding of affected schools, whether remaining with DCC or having converted to Academy status.

Version 2 Update

Position Statement on Academies from Devon County Council June 2010

Devon County Council (DCC) [the local authority] recognises the national policy initiative relating to the creation of more Academies across the schools sector and the value they can bring in enhancing the pattern of choice for parents beyond the maintained sector. Championing all children and young people and expanding school choice for parents/pupils are key intentions supported by DCC in its drive to secure a mixed economy and a diverse school system for all learners across the county. The council recognises that these intentions and the academy vehicle perhaps work more effectively within an urban setting. DCC will support schools in the move to independence but will equally ensure a first class service for those schools that wish to be part of the local authority group. The authority will work diligently and collaboratively with any sponsor, Trust partner and schools leadership teams, in the best interests of learners, for any school that wishes to pursue the Academy option. This has already been demonstrated by the close working relationship with the designated sponsor (E-ACT) for Devon's first proposed Academy (Dartmouth All-Through Academy).

A positive working relationship is enjoyed between officers of the authority and school leaders and governors, supported through the effective representative associations of DAG (*Devon Association of Governors*), DAPH (*Devon Association of Primary Headteachers*), SHAD (*Special Headteachers Association - Devon*), and DASH (*Devon Association of Secondary Headteachers*) and the wider remit of the Devon Education (Schools) Forum (DEF). This relationship is reflected in the fact that Devon is one of the highest delegating authorities nationally, currently (2010-11) passporting 92% of DSG funding directly to Devon schools.

There are clearly both benefits and challenges for schools in moving to Academy status. School leaders, their governing bodies and local communities will each need to consider the resource costs of discharging the additional duties and responsibilities. Schools are already self-managing and charged with responsibility for their own improvement, with external moderation by Ofsted. Trust schools [and Voluntary Aided schools] are already the employers of their own staff and any move from nationally negotiated pay and conditions would need to take existing staff and unions on board. Broadly, we expect the financial impact to be cost neutral or possibly marginally beneficial, but not significantly so. Additional income should not be the driver. It is the answers to the key drivers for Academy status and the answers to the following questions that should inform schools' choice regarding Academy status and any added value it may secure:

1. *How will Academy status allow improvements to the quality of education provision?*
2. *Does the school/college want complete independence from the LA - what would we do that is different?*
3. *Do we want and will we use the flexibility to change staff pay and terms and conditions of service?*
4. *What do we tell staff, parents and pupils about why Academy status is being sought? Are we clear about our reasons? Do we understand the short and long-term TUPE implications?*
5. *Have we got the necessary administrative and financial infrastructure in place to make the change to Academy status? If not, are those skills available locally?*
6. *Does the Governing Body have the commitment and the wide range of skills to govern an independent school? Do we understand what new liabilities may fall upon us as lay persons? Will we remain as the same Governing Body?*
7. *Have we developed a business case for the conversion? A grant of £25k will be available plus additional funding from incorporation. Have we costed the additional duties and likely increases in pay and staff numbers?*
8. *Have we considered or discussed with others the impact on the Local Learning Community of schools or federations and how we may work with other schools when independent? Have we considered any implications for changed transport arrangements and costs?*

The local authority will continue to exercise its discretionary powers for schools causing concern (*Schools in Ofsted Categories of Special Measures or Notice to Improve*) to propose an Academy solution where this is deemed appropriate, and in the best interests of recovering the school to an effective standard of provision within the required timescales.

Briefing Guidance - Version 1 (15.6.10)

Appendix B

A. What Do We Know?

The Academies programme is one of the central themes of the Conservative manifesto and the Academies Bill will be one of the first pieces of education legislation under the new coalition government. It is expected that the Bill will pave the way for the 'Free Schools' movement whereby parents, niche providers, charities and communities can bid to establish new schools within the state sector.

Both the requirement for sponsorship (with all the dividends that originally provided) and local authority consultation/right of veto on Academies will be removed. The process of consultation has been productively used in the process of the first proposed Academy for Devon (Dartmouth) under the existing legislation.

All schools have been exhorted by the new Secretary of State, Michael Gove, to consider Academy status - allegedly to provide them with freedom from **bureaucratic burdens**. In reality there are very few bureaucratic burdens relating to schools that authorities have retained under recent legislation: most of the perceived impositions are nationally imposed and schools have long held the facility to become more self-managing by acquiring Foundation/Trust status.

The attraction would appear to be a belief that this will bring increased funding, greater control over Teachers' pay and conditions (which could lead to a multi-tier workforce) and enhanced opportunity to divert from the curriculum (except for in English). The latter benefit is likely to accrue to all schools as the new Primary Curriculum has already been put on hold and the Secondary Curriculum is largely determined by the requirements of exam boards.

The management of Academies is placed under the auspices of the Young People's Learning Agency [YPLA], one of the quangos established in the wake of the Learning & Skills Agency closure, which is itself considered vulnerable under the government's cost-cutting plans. Its ability to deal with large numbers of schools moving to Academy status in the immediate future must be questionable

Academies will continue to be **funded** at a comparable level to maintained schools, but will also get their share of the centrally-managed funding that their authorities spend on their behalf. They will have freedom to allocate this funding in a way that focuses on the needs of their own pupils. The media is broadcasting this as being about 10-12% additional funding - see Section C - Financial Implications - overleaf.

Academies will need to assume that they will pay full cost for services, including those they wish to buy back from the authority. It is as yet unclear whether services such as broadband [provided by SWGFL] can still be provided to Academies. But these would be at full cost plus on-costs (current charge to schools is only 20%).

The proposals indicate that all Academies will follow an inclusive **Admissions** policy but they will become their own Admissions Body. This will have implications for coherence across the county and make place planning considerably more challenging. The 'free' schools (parent/ niche providers) could also be established as Academies.

Exclusions information is still unclear - see Section C - but the role of the authority for children out of school is critical and statutory, and this function will be negatively affected by any schools not complying with Exclusions protocols.

Devon's Learning & Development Partnership (LDP) has registered with the **New Schools Network** and would be eligible to become a sponsor of Academies [if approved by its Company Directors] under its Business Plan as a Joint Venture Company, assuming tender arrangements proceed to plan.

The 14-19 Regional Planning Group is mapping all Academies in the southwest region. The implications for post-14 provision could be considerable as Academies are not required to be part of the area planning on which Devon's 14-19 Strategic Plan, including needs analysis and viable provision, is based. One Academy Chief Executive sponsor (Harris - 9 Academies) has already publicly announced his intention not to work with local authorities and to work independently of 14-19 partnerships.

Teaching Unions are expressing concerns about the impact on the rest of the local authority maintained schools sector, particularly in respect of local planning, and targeted funding for children with additional needs and challenging communities. Their concerns relate to the potential for a polarised schools system, lack of value for money at a time of financial squeeze, and the implications for the remaining role of local authorities when things go wrong and their performance fails yet there is no funding or capacity left to secure recovery.

The council will need to make strategic links to the implications of Academies in the schools system in significant numbers and the wider national Total Place initiatives for area and locality planning purposes.

B. Which Schools Could Be Eligible To Become An Academy?

In the initial publications following the coalition government it was originally proposed that schools rated 'Outstanding' by Ofsted could immediately apply for Academy status with an automatic right of approval - with a timeline as short as by September 2010. These schools would be exempt from further OfSTED inspections as long as their desk-top data indicators remained positive. It is not clear if this applies only to schools awarded this judgement under the new Ofsted Framework, or also to awards under the previous framework. In Devon there are 39 schools that are Ofsted rated as 'outstanding' during the last 3 years and this includes two Special Schools. Special schools will not be eligible to become Academies before 2011.

More recent DfE releases indicate that any school in any phase of education can apply for Academy status and the DfE wrote to all schools over the Whitsun Bank holiday weekend. This could therefore ultimately affect 100% Secondary provision (37 schools) and potentially all Primary provision (316) and Special provision (10+3). Currently the Act does not seem to cover nursery provision.

One condition for becoming an Academy is an expectation to demonstrate how they will help a 'weaker' school. A further consideration is that if all schools are Academies it could lose its cachet for parents as a viable alternative. There is an apparent contradiction between the "Big Society" approach (local/parent power) and the Academies process (*exchange of letters between school and SoS without any need to consult parents or LA*).

There is no inherent reason why Maintained or Foundation schools that do become Academies should not continue to work in partnership with the local authority and other schools and Devon would wish for the positive relationships that do already exist (at both these levels) to be continued. Wherever practically possible, and if academies wish to do so, services will be available for ongoing purchase on either a 'pay as you go' or SLA basis. The council will not financially be able to retain some services if a significant number of schools are granted Academy status and do not continue to purchase such services.

C. Critical Implications

Local Authorities remain accountable for outcomes for all children and provide the largest universal service. Greater clarity will be needed on how they can practically perform their functions of accountability, safeguarding, commissioning school improvement, brokerage of provision and intervention powers under a changed landscape if all or even a significant proportion of schools were to take up the SoS's offer to become Academies.

The **advocacy role** for children with SEN, excluded pupils and children at the edge of the criminal justice system remains unclear at this stage as does the facility by which LAs would be able to retain a strategic overview of local needs given the increasingly diverse landscape and differentially accountable lead bodies.

Infrastructure Services (*Payroll, Finance, HR, IT, Audit, Legal, Security, Health & Safety*) could become vulnerable by the removal of central elements of funding if they are not bought back and this would, in addition to the implications for services themselves, threaten smaller schools who may choose not to pursue Academy status (or who may be turned down for whatever reason) and thus create a situation where there is no central service for them to benefit from. In a large rural authority where other providers may be scarce this could affect their costs and consequently their longer term viability.

Safeguards will be needed to ensure that a **two tier education system** is not created in a local area. A Council's key priority is to secure the best quality of education for all pupils and this will mean that policies, provision and funding need to be equitable and fairly distributed. See next sections - Strategic Planning and School Organisation.

With reference to **Special schools** attaining Academy status - perhaps as soon as September 2010 : given the current relationship with this sector and the ongoing LA commissioning of Special schools under the Stepping Stones programme by there would be financial and administrative implications that would require a full appraisal to ensure equity and fair access for parents across the County for children with additional needs.

Given the stage of development of the **Stepping Stones** programme it is essential that this strategic framework is not jeopardised by the Academy initiative - there is no inherent reason why it should be in terms of locality provision if all parties continue to want to be part of a county wide picture - irrespective of school status.

Financial	Capital & School Organisation	Strategic Planning
<ul style="list-style-type: none"> ▪ Additional funding will be allocated to academies to enable them to undertake some of the activities otherwise performed by LAs (see below). ▪ Based on indicative figures on DfE website the sum from the DfE/YPLA may be around £450k in a full year for a 1000+ secondary school, plus a VAT grant to compensate for changed VAT status. VAT recovery as yet unconfirmed. ▪ Funding of £25k from DfE to help cover start up costs is indicated. ▪ Indications from the experience of former GM schools are that the VAT grant was insufficient to cover the costs of the duties which transferred to schools and it is likely that Academies will be required to meet costs in excess of this sum. ▪ Schools will be able to retain any surplus funds at year end. ▪ Academies will retain their funding guarantee for 7 years [no clarity on what this means though]. ▪ Part year losses of funding arising from schools becoming Academies in-year, so the DSG may go into deficit. 	<p>Small Schools</p> <p>It is thought likely that non viable small schools which are struggling to provide a sustainable pattern of comparable and quality education for their pupils (ie. less than 30) may see Academies/Free Schools as an appropriate escape route but it has been mooted by the DfE that this is not likely to be the case.</p> <p>Collaboration & Partnerships</p> <p>Potential to impact positively/negatively on Devon's proactive collaboration agenda i.e. small primary clusters may/may not ideologically wish to associate themselves with a secondary academy.</p> <p>Transfer of Sites & Assets</p> <p>The position is unclear at present as the Bill only says that the SoS "may" introduce a scheme to cover this. Our</p>	<p>Additional Responsibilities of Academies</p> <ul style="list-style-type: none"> ▪ <i>Admissions</i> ▪ <i>Maternity Pay</i> ▪ <i>Redundancy Costs</i> ▪ <i>Risks</i> ▪ <i>Auditors Fees & VAT</i> <p>Impact on other Council Services (loss of income) and schools (running costs and rates)</p> <ul style="list-style-type: none"> ▪ CYPs/HR/Finance/Audit/LDP/SEN/ICT/Environment re carbon reduction ▪ Past Academies have had sponsors with support services - this new wave of academies may not have access to the same social partnerships/ businesses to support them should they withdraw from DCC services. The costs will inevitably rise for other schools. <p>14-19 Area Plans</p> <ul style="list-style-type: none"> ▪ Strategic coherence across a rural area and cross border with other authorities.

<ul style="list-style-type: none"> ▪ It is unlikely that Academies will be able to retain their existing accounting structures (due to their charitable status) and the switch of systems will also incur costs they will need to bear. ▪ Potential additional costs re Transport and costs of de-zoning schools for cost effective transport arrangements will be an additional factor for the Authority. ▪ The financial impact on the DSG coincides with the local government budget reductions and the 24% in-year cut to the Area Based Grants - managing the totality of their impacts for schools and services will be challenging. ▪ Central retention of budgets for pupils with SEN could become compromised <p>▪ Additional Functions :</p> <ol style="list-style-type: none"> 1. Meeting the needs of children with SEN (<i>note that exceptional arrangements funding for individual pupils will continue to be allocated direct to the school from the LA</i>) 2. Behaviour Support 3. Support for English as an Additional Language 4. Full cost of provision of School Meals 5. Licenses and Subscriptions (<i>including copyright fees</i>) 6. Cover in respect of trade union activity, jury service, reserved forces and maternity leave 7. Termination of Employment costs 8. Additional financial responsibilities will fall to the school including annual Auditors Fees, Bank Account charges, making VAT and other taxation returns to HMRC, Teachers Pensions Agency, and Charities Commission. 9. Academies have freedom to negotiate changes to staff terms and conditions however staff will transfer under existing terms and conditions. 10. Additional responsibilities falling to academy staff may require financial recompense. 	<p>expectation is that this will happen along the lines of the School Standards and Framework Act and similar to processes for Foundation or Trust schools. This will bring additional implications for the County's capital programmes and services</p> <p>The data sets for asset management in schools (held by NPS) will need to be fully up to date so that transfer information is accurate and does not create future liabilities for the council</p> <p>Collaboration/Competition The model does have the potential to create a 2 tier system as Academies are not placed under a duty to collaborate. This could be perceived as back door selection i.e. around SEN, Excluded cyp, NEETs etc.</p>	<ul style="list-style-type: none"> ▪ Numbers volumes for Academies will be incorporated into overall 16-19 planning volumes and will therefore be required to have 'dialogue' with LAs to identify required provision ▪ Transition planning pre and post 16 with the YPLA for Academies and the Academy(s) (11-16) and other schools (with/without 6th forms) remaining in the area partnerships will become more challenging. ▪ The role/willingness of sponsors in engaging with the LA will be critical and it can be expected that this will not be a single picture. <p>Admissions</p> <ul style="list-style-type: none"> ▪ Academies will have to work within the Admissions Code ▪ Place planning and potential for creation of polarised communities. ▪ Additional transport costs <p>Excluded Pupils</p> <ul style="list-style-type: none"> ▪ Currently Academies are not required to take excluded pupils for the first 2 years and there is ambiguity thereafter regarding retention of funding if they do exclude - i.e. they may not be subject to clawback of the AWPU. ▪ This will leave the LA holding the accountability for provision of statutory education for excluded pupils but potentially no/few maintained schools to direct schools to take them and no resource to establish alternative provision - even if this were appropriate for the needs of the pupil. Travel costs could be very high. ▪ Anecdotal evidence from other Academies indicates high exclusions following new openings.
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		<p>School Improvement It is as yet unclear how the LA's accountability for overall standards can be achieved if a significant proportion of schools do not come under its remit or how practically/financially the LA can re-engage with the school in the event of failure - i.e. once the resource has been removed yet the accountability remains. It is not clear where the responsibility for an Academy entering an Ofsted category will lie or where the recovery/cost onus will fall.</p>
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D. Comparison Of Benefits Of Academies And Trust School Status

Academies	Trust Schools
<p>In Common</p> <ul style="list-style-type: none"> • Charitable status • Manage own admissions policy but work within LA Admissions Code • Employers of all staff • Control sites and assets <p>Differences</p> <ul style="list-style-type: none"> • No formal consultation processes with LA or key stakeholders • Can share governance with another academy • Can be a Trust sponsor but can't join a trust or federation • Autonomy around curriculum design and organisation • Free from inspection (if change from outstanding school) • Don't have to adhere to national pay and conditions for staff • External funding streams guaranteed for 7 years • Retain a proportion of delegated budget (DSG) • Can purchase services from a range of sources or provide their own • Can be part of a chain with business sponsors • Able to define own policy and practice e.g exclusions and SEN 	<p>In Common</p> <ul style="list-style-type: none"> • Charitable status • Manage own admissions policy but work within LA Admissions Code • Governors are employers of all staff • Control sites and assets holding them in Trust <p>Differences</p> <ul style="list-style-type: none"> • Two statutory Consultation processes with key partners • Can be a single Trust or part of a Trust cluster with other schools • Can choose own Trust Sponsors • Can federate • Remain within the LA family of schools but can opt in or out of purchasing services • Able to access strategic and capital programmes offered by the LA • More flexibility around governance • Adhere to national pay and conditions for teaching staff • Can attract external funding streams through charitable status

Key Contacts Appendix C

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Version 2 Update

The purpose of the Bill is to enable more schools to become academies and give them the freedoms and flexibilities they need to continue to drive up standards. The Government's vision is to create a world-beating school system in which every parent has access to a good school and all pupils achieve high standards. Our central aims are to raise standards for all children, while narrowing the gap between the attainment of the most and least advantaged.

The Main Benefits Of The Bill Would:

- Allow maintained schools to apply to become academies and empower the Secretary of State to issue an Academy Order requiring the local authority (LA) to cease to maintain the school;
- Remove the requirement to consult the local authority before opening an academy, thus simplifying and accelerating the process;
- Require the consent of any existing (mainly church) foundations before a school applies to become an academy.
- Deem academy trusts to be exempt charities;
- Provide for secondary, primary and special schools to become academies;
- Ensure there is no change of religious character in the conversion process (such changes can be made through separate existing provisions);
- Ensure there is no expansion of selection, while enabling grammar schools and other schools which select or partially select pupils to continue to do so;
- Retain the existing legal requirement for funding agreements to last at least seven years (the agreement can still provide for intervention or termination, if the academy fails).

The Main Elements Of The Bill Will:

- Provide schools with the freedoms to deliver an excellent education in the way they see fit, within a broad framework where they are clearly accountable for the outcomes they deliver.
- Enable all maintained schools to apply to become an academy. For the first wave of applications, the key test for approving an academy conversion will be that the school is currently rated outstanding by Ofsted. The Secretary of State normally expects he will approve applications from outstanding schools unless they have a substantial financial deficit (more than £100,000) or other exceptional circumstances apply.
- Allow primary and special schools to apply to become an academy in their own right for the first time and benefit from the increased freedoms and flexibilities that this will offer.
- Make the process of applying to become an academy as simple as possible, without a requirement for LAs to be consulted.
- Allow schools which apply to become academies to keep any surplus balance they hold.
- Automatically make all new academies charities.
- The Government expect standards across the education sector to rise through the creation of more academies. Nationally, we expect a significant number to open in September and the number to continue to grow each term.
- NB. Academies will continue to be funded at a comparable level to maintained schools but will also get their share of the central funding that their LAs used to spend on their behalf. They will have freedom to allocate this funding in a way that focuses on the needs of their own pupils.

Existing Legislation In This Area

Section 482 of the Education Act 1996, as amended by Section 65 of the Education Act 2002, provides for the establishment of academies and specifies the core characteristics of academies.

Devolution

The provisions of the Academies Bill will only apply in England and will therefore only permit an Academy to be established in England. England and Wales is a single legal jurisdiction and so all laws passed are part of the law of England and Wales. The application of laws can apply to only one country or the other but the provisions of the Academies Bill will have no practical impact on, or application to, the organisation of schools in Wales.