

## **Round Hill Primary – Academy Conversion Consideration**

There are a number of areas that need to be considered when looking into the possibility of joining a multi academy trust (MAT).

The White Hills Park Federation currently comprises of 2 secondary academies (Alderman White School and Bramcote School). The Trust comprises of one Management Structure and Governing Body. The Trust does not provide centralised services, however I would expect if they are looking at taking on Primary Schools, my assumption would be that they would top slice the budgets. The Trust was in a deficit position at the end of 2016-17 and full details regarding this can be seen on page 8 of the Trust Financial Statements for 2016-17 under 'Going Concern'. In short, the deficit was as a result of increased pay costs due to Government Policy and protected salaries due to a teaching staff restructure. An agreement for short term financial support and a recovery plan was made with the ESFA in January 2017, this was planned to be repaid by February 2018, so I would expect the budget to be in a positive position at the end of 2017-18.

### **Funding**

Funding is based on exactly the same formula that you are currently funded by but you will also receive the small amount of de-delated funding that is held back by the Local Authority each year. This equates to approximately £3-4k. As an academy the funding comes direct from the Education and Skills Funding Agency (ESFA).

	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Pupils on roll October	465	451	444
LA Formula Funding	£1,622,277	£1,575,151	£1,534,679
De-delated Funds	£3,162	£3,748	£3,851

The financial year for a maintained school is April to March and you are funded based on the previous October's census, so the 2018-19 budget was based on the October 2017 census data. This means as a maintained school you have a 2 term lag in formula funding. If your pupil numbers increase in the October, you will not receive the funding for those pupils until the following April. Equally funding in relation to pupils that leave in July, is retained by the school until the following March.

The financial year for academies is September to August and funding is also based on the previous October census data and so the funding lags 3 terms. If you were in a school with increasing pupil numbers, you would generally be better off converting in September because if you converted in April you would be funded on the lower pupil numbers for the summer term. If you stayed as a maintained school for the summer term you would see the benefit in increased pupil numbers from April. Please note this is all relative to the variation in pupil numbers and may not be considered material if there was only a minor increase in numbers.

There is also the issue of the Pupil Growth Fund. If you are entitled to the Pupil Growth Fund (PGF) for the September to March and you converted in April, then you would not see the increase in pupil numbers until the September and so may be entitled to PGF for the summer term. This would need to be clarified with the Local Authority and if eligible, would equate to approximately £20k.

Multi Academy Trusts will generally top slice your budget (usually between 4-5%) to fund services that they provide centrally. The value of the top slice will vary for each MAT and sometimes MATs have a fixed top slice percentage for all schools within the Trust and some MATs will have variable percentages dependent on the needs of the academies. The services provided for this top slice will also vary from Trust to Trust, so it is important that you understand the value of the top slice and the services that this covers.

A full list of the services and costs provided by the Local Authority have been attached as an additional document to this report. Please note that some of the values may have been the budgeted values as I have only had access to budget reports and not the actual finance system.

If a MAT were to 5% top slice the Round Hill General Annual Grant (GAG) i.e. the total school budget, then the top slice would equate to  $£1,625,439 \times 5\% = £81,272$ . This is based on the 2018-19 budget.

There are some services that would finish immediately if you converted to academy, these are the basic finance package as the Trust will have their own systems, premises insurance as you tend to move to the Risk Protection Assurance provided by the EFSA (or an alternative provider) and normally my services would finish as the Trust would have someone employed to support the school with any finance issues.

Other funding will either come directly from the ESFA or from the Local Authority.

#### **ESFA**

Pupil Premium (FSM)

UIFSM Funding

Sports Funding

Devolved Formula Capital

Other Capital Funds (CIF)

#### **Local Authority**

Early Years Funding

Early Years Pupil Premium

Pupil Premium (LAC/Post LAC)

SEN Additional Family Needs (AFN)

SEN High Level Needs (HLN)

#### **Capital Funding**

There have been a number of capital projects that the school has benefited from over recent years:

#### **Local Authority Energy Financing Schemes (LAEF)**

Heating and Dishwasher Projects (These projects have been completed)

#### **SALIX Loan**

LED Lighting (Currently in Year 4 of 7)

#### **Window Replacement**

I am not sure what year this work was undertaken as it was all completed and paid for by the Local Authority. I believe details can be found on the Property Online system.

#### **Toilet Replacement £90,826**

The school received £76,000 in 2017-18 and have been promised £14,826 in 2018-19.

### **Devolved Formula Capital Approx £9k per annum**

This is usually allocated to fund ICT (whiteboards/cameras/life books etc.). DFC allocations are paid direct to academies from the ESFA.

Large Trusts with 5 or more schools and 3000+ pupils would receive this grant direct in total for the Trust from the ESFA as Schools Condition Allocation (SCA) and schools would have to bid to the Trust for funding.

### **Other Capital Projects**

The school has also invested in other capital projects e.g. the Trim trail in 2017-18 which was part funded from the school budget and part funded from a contribution from RHA.

### **Academy Capital Funding**

Academies can apply for capital funding direct from the ESFA. This is called the Conditional Initiative Fund (CIF) and can be used for large building projects if the bids are successful.

*Please note it is important that you check to see if you have any LA capital plans scheduled in the near future as it would be advisable to ensure these works are complete prior to conversion.*

### **Conversion Support**

The ESFA pay each school a start-up grant of £25k to help finance the conversion costs.

### **Staffing Costs**

Payroll costs would be the same as an academy with the exception of the Employers Pension Contributions for the LGPS. As a maintained school you paid 22.2% but academies pay the old rate of 18.3%. This would be an approximate saving of £13k.

The academy is responsible for agreeing levels of pay, conditions of service, staffing structures, career development and appraisal. However, all existing staff transfer from the local authority under legislation known as TUPE regulations which will protect their current conditions.

*Please note that as a maintained school the LA funds all redundancy costs, however, academies must fund any redundancy costs from their own budget.*

### **Staff Absence Insurance**

The school currently purchases staff absence insurance from the Local Authority. The school has recently moved from SAS as the LA offered better value. To be able to purchase the staff absence cover from the LA you must also buy back the LA HR Service. If the Trust buys back support from an alternative provider, then Round Hill would not be able to buy back the staff absence from the LA unless the LA HR cover was also purchased.

There are pros and cons with all staff absence companies, so it is important that the different levels of cover are fully understood when looking at providers.

### **Premises Insurance**

Round Hill currently spends approximately £20k on premises insurance with the Local Authority. The White Hills Park Federation buys into the ESFA Risk Protection Assurance which is £20 per pupil. This would be a saving of approx. £10k but there may be some additional insurance costs required e.g. minibus etc.

### **Additional Costs as an Academy**

Academies also incur additional costs such as internal and external audit fees, additional payroll costs for FRS17 calculations etc. accountancy fees for financial statements/returns, admissions costs (academies manage their own admissions), finance software and additional licence costs. Often these charges are funded from the top slice which is why it is important to have a comprehensive list of what the top slice covers.

### **Governance**

When considering academy conversion, I would ensure that that the Governors are fully transparent throughout the process. It's important that all discussions are minuted and show a true reflection of decisions made.

Questions to ask when considering the conversion process:

1. What is the prime driver for the Trust to take on Primary Schools?
2. How will conversion benefit the pupils of Round Hill Primary?
3. Would the Primary Function be run separately to the Secondary Function?
4. Would there be any plans to change the school day times / school holidays?
5. How would staff benefit? Could they be re-deployed within the Trust?
6. Are there any plans for any type of pay restructure?
7. What are the terms for teaching assistants, are newly recruited TA's paid on a term time only basis?
8. Are there any plans to centralise Finance / HR departments?
9. Who does the Trust use for the Payroll Service, have they moved away from the LA?
10. Would Round Hill lose autonomy over decisions?
11. How would Governance change?
12. Would funds generated by Round Hill (Roundabout/RHA) be retained for Round Hill projects?
13. How much would the top slice be (%) and what services would this provide?
14. How successful has the Trust been in winning capital bids?
15. How many Primary Schools would you ideally like to join the Trust?