



# **ACADEMY CONVERSION**

## **WHAT WILL IT MEAN FOR YOU?**

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## WORKSHOP AIMS

- Look at the key questions prior to conversion
- Look at the process and key actions
  - Why, When, What and How
- Top Tips to ease the pain
- Where to find help and support



# WHY CONVERT? THE BIGGER PICTURE

- Choice before compulsion ?
- All schools are different – timing is imperative
  - To create capacity to improve standards
  - Great opportunities for collaboration in more formal setting
  - Opportunities to share expertise
- ❖ Finance
- ❖ Standards
- ❖ Survival



# CLEAR VISION AND OBJECTIVES



- SATs and Umbrella Trusts
- Are you in a position which allows you to create a MAT with a number of local schools?
- Are you thinking about joining an existing MAT?
- Clear educational outcomes that benefit all the pupils in all the schools ?
- Will it work financially?
- Will it enhance opportunities for staff?
- Is it sustainable?



# DUE DILIGENCE

- Vision, Values and Ethos
- Risk Management
- Existing partnerships (formal and legal)
- Operational
  - Finance, Audits
  - HR
  - Estates – condition, future plans, current works
  - H & S
  - Governance
  - Assets, Contracts/Leases/Catering/IT



## DUE DILIGENCE 2

- Educational
  - Outcomes
  - Curriculum
  - Ofsted
  - Leadership
- 2 way process

***MATs are like a marriage with no divorce***



## QUESTIONS TO ASK THE MAT

- What makes them tick?
- How do they handle conflict?
- What value does the group bring to the individual schools?
- Who will they work with, how and why?
- How big do they plan to get?
- What happens when a leader leaves?
- What is shared and what is delegated?
- How is the top slice calculated?
- What do the schools get for their money?



## QUESTIONS TO ASK SCHOOLS

- Is the chemistry right? USP/Ethos
- Do you have the right skills that the school needs?
- Is the location right? Geography vs systems
- What are the non-negotiables?
- Will the current leadership remain?
- Will they meet the due diligence?





# CONSIDERATIONS

- Due diligence process – who and when
- Staffing
  - Current and Future
- Structures
  - Governance and operational
- Services
  - Current and Future
- Support
- Steering group
  
- Impact
  - Finance
  - Relationships
  - Educational outcomes
- SWOT
- COMMUNICATION

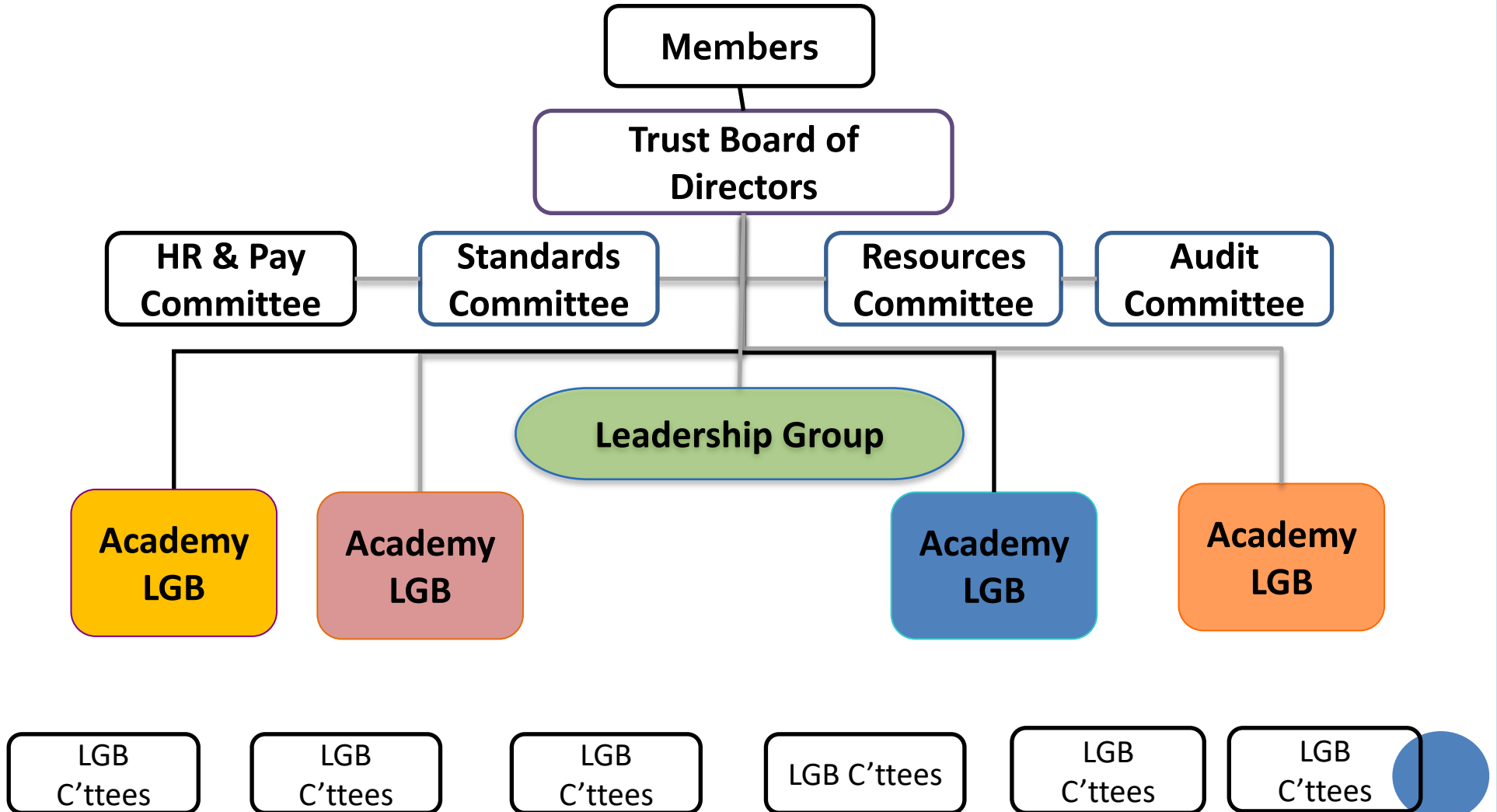


# CONSIDERATIONS – STRUCTURES

- Trust structures
- Governing body and committee structures
- Scheme of delegation
- Terms of reference
- Policies
- Operational structures



# EXAMPLE MULTI ACADEMY TRUST GOVERNANCE STRUCTURE



## CONSIDERATIONS – SERVICES

- Which of the services you currently purchase from your LA will you need/want post conversion?
- What LA services will be available to you as an academy?
- What services are you going to need to procure post academy?
- How will you go about procuring those services?
- What will you do to ensure value for money and quality of service?



# CONSIDERATIONS – SERVICES

- Legal advisors
- Auditors/Accountants (Internal and external)
- Payroll provider
- FSM administration
- Human Resource Services
- Insurance
- Licences
- Admissions
- IT
- School improvement services
- Education welfare services
- Asset management



## CONSIDERATIONS – STEERING GROUP

- Who is driving the process?
- Who is making the important decisions?
- Is the steering group representative of all those effected?
- Does it have a clear remit, terms of reference?
- How will decisions and information be communicated?
- Transparency of decisions is key to success

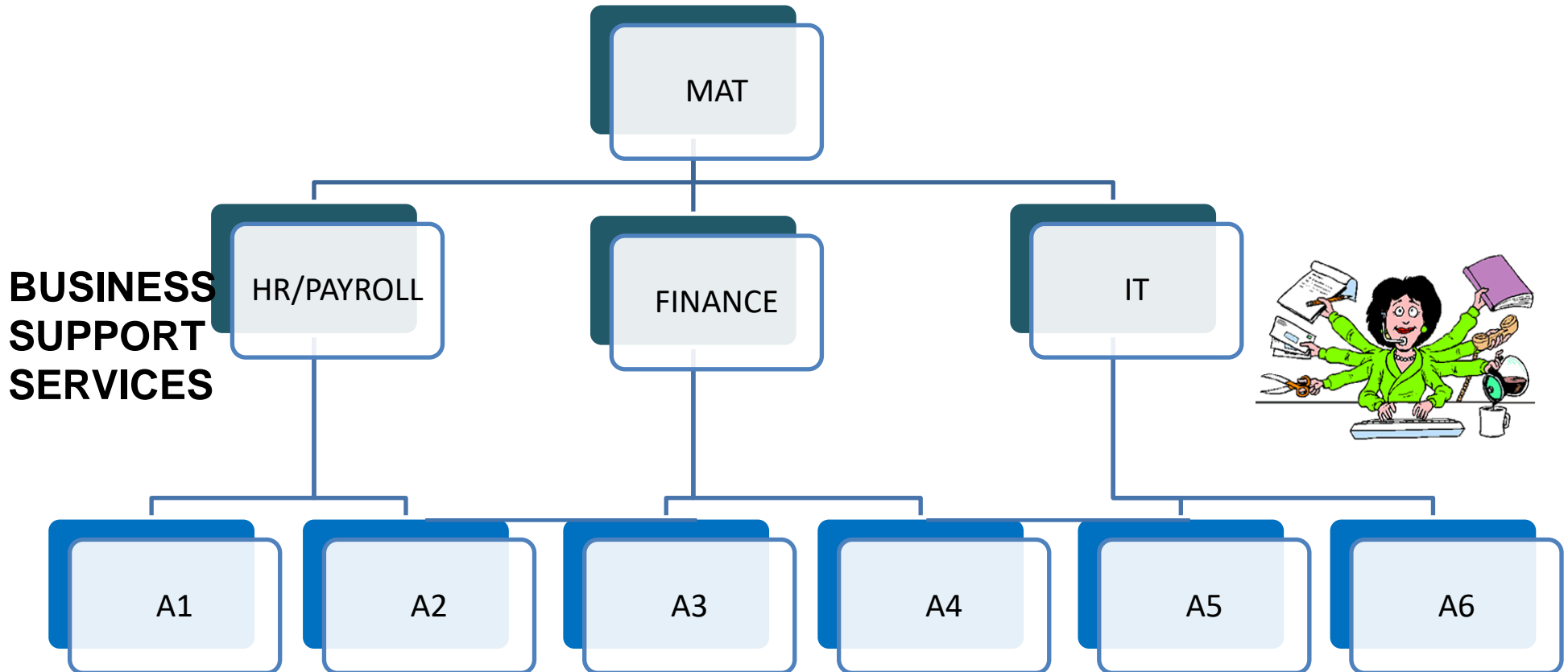


## CONSIDERATIONS - FINANCIAL

- Operational structure – centralisation?
- Strategic planning
- Unofficial accounts
- Property condition
- Capital works – current and future
- Trading companies
- VAT registration
- Finance systems

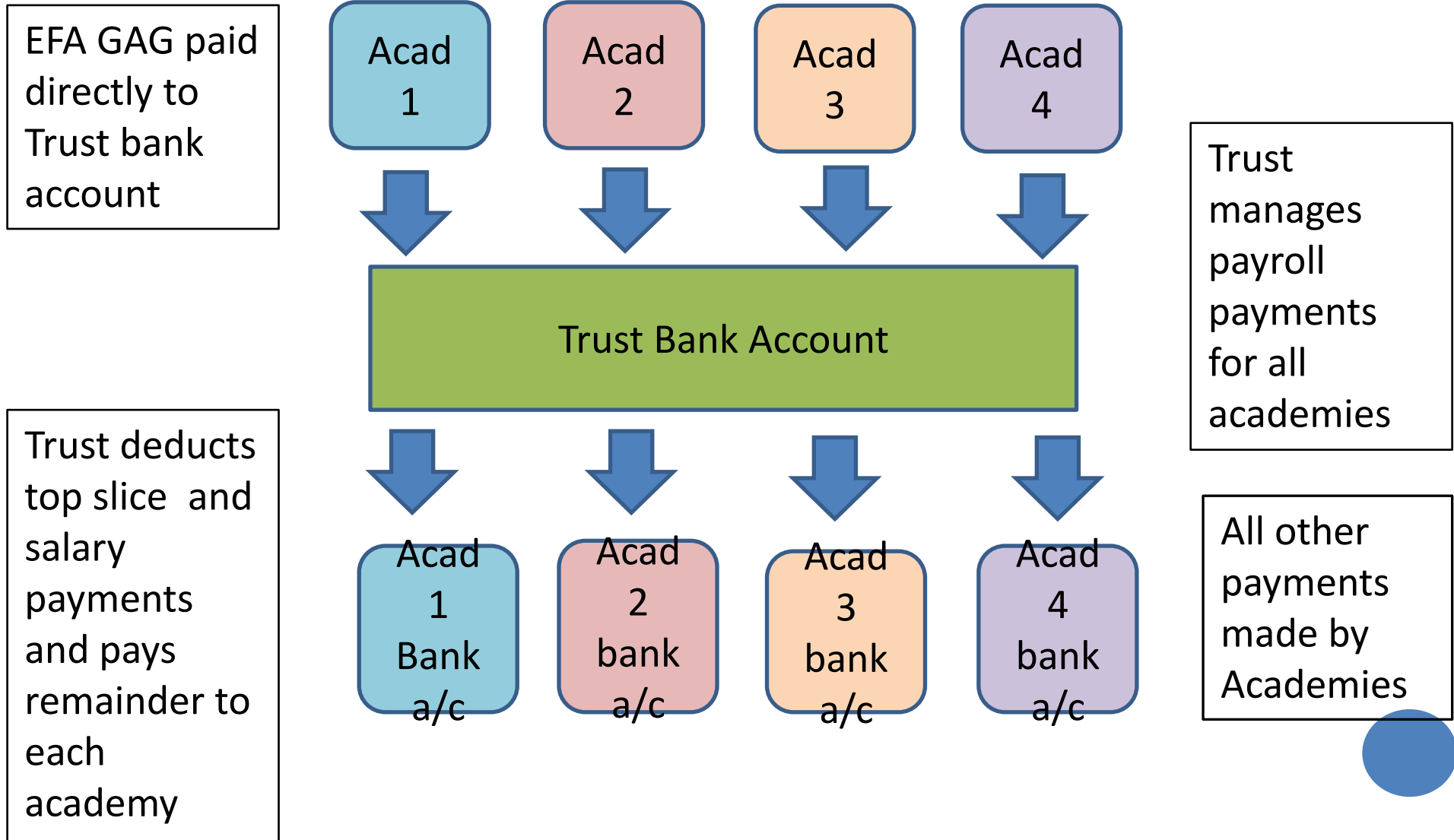


# MULTI ACADEMY TRUSTS – OPERATIONAL STRUCTURES

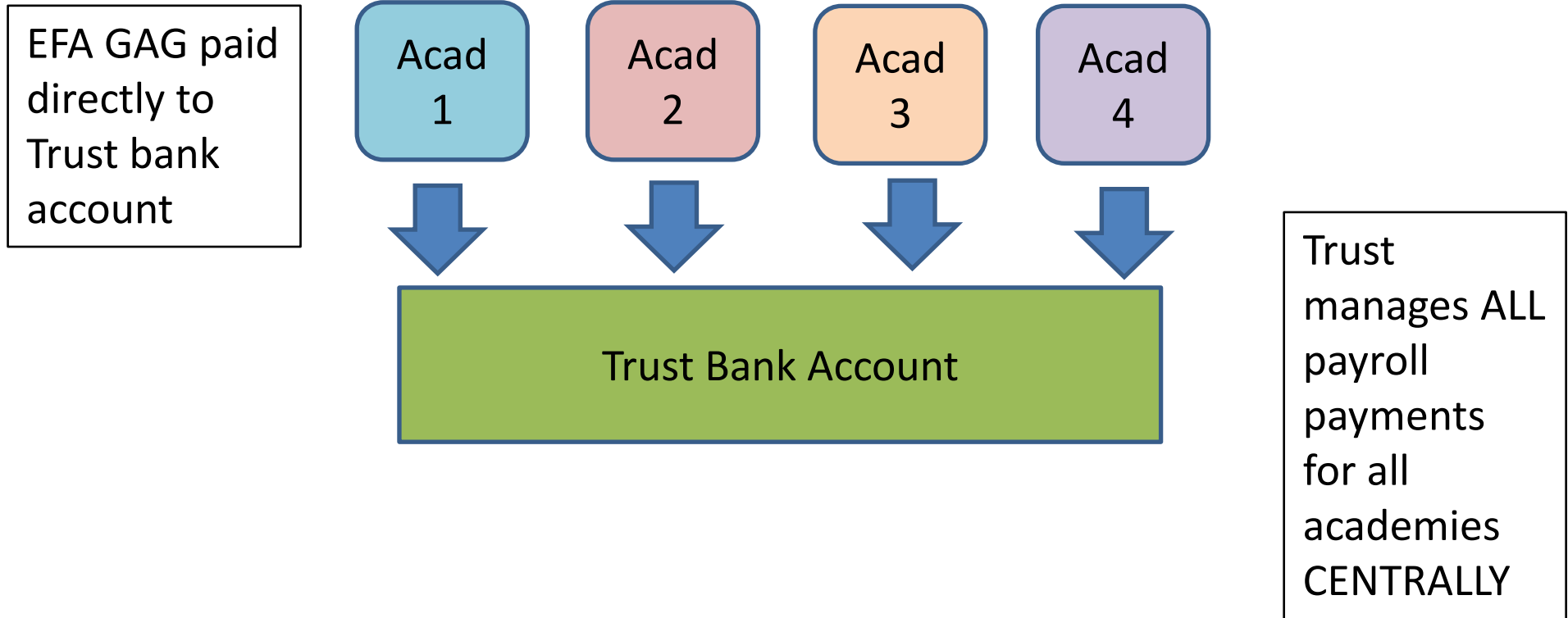




# Finance Structure – Example 1



## Finance Structure – Example 2



Orders, Good receipting and approval of invoices can still be done in individual academies



# CONSIDERATIONS - COMMUNICATIONS

- Communication to all interested parties
  - How
  - What
  - When
- Vital to success
  
- Marketing
  - Website changes - statutory
  - School signs
  - Stationery
  - Re-branding opportunity?
  
- Post conversion – IT to support



# IMPACT - ARE YOU READY FOR THE CONSEQUENCES?

- Additional responsibilities
  - Governors
  - Finance Team
- Complete change in reporting requirements
- Additional workload
- Real money – cash flow **££**
- VAT
- Relationships
  - Staffing structure
  - Governance structure



IS THERE A CLEAR VISION FOR IMPACT ON EDUCATIONAL OUTCOMES:

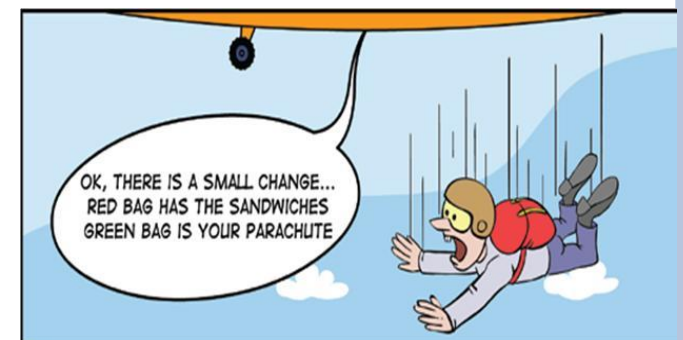


# IMPACT - HOW WILL IT EFFECT YOU?

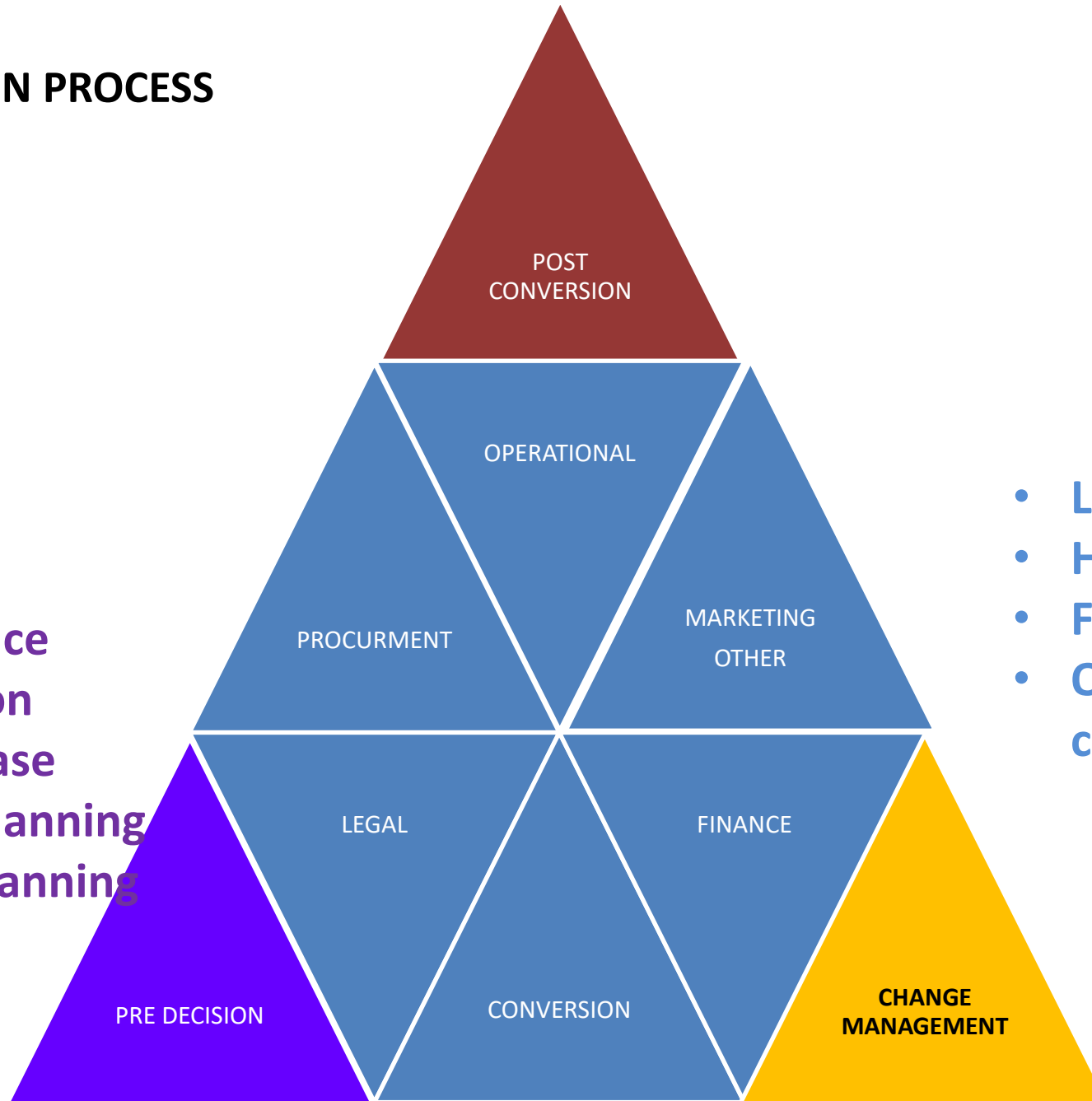


# YOUR ROLE – CHANGE MANAGEMENT

- LEADERSHIP
- Be open and honest throughout the process with all stakeholders
- Consult early and clearly
- Communication is vital – talk to staff regularly throughout and ensure all questions can be answered
- PLAN use a Ghannt chart – treat it like a building project
- Be prepared to lead and co-ordinate the process
- Change management doesn't stop on conversion day



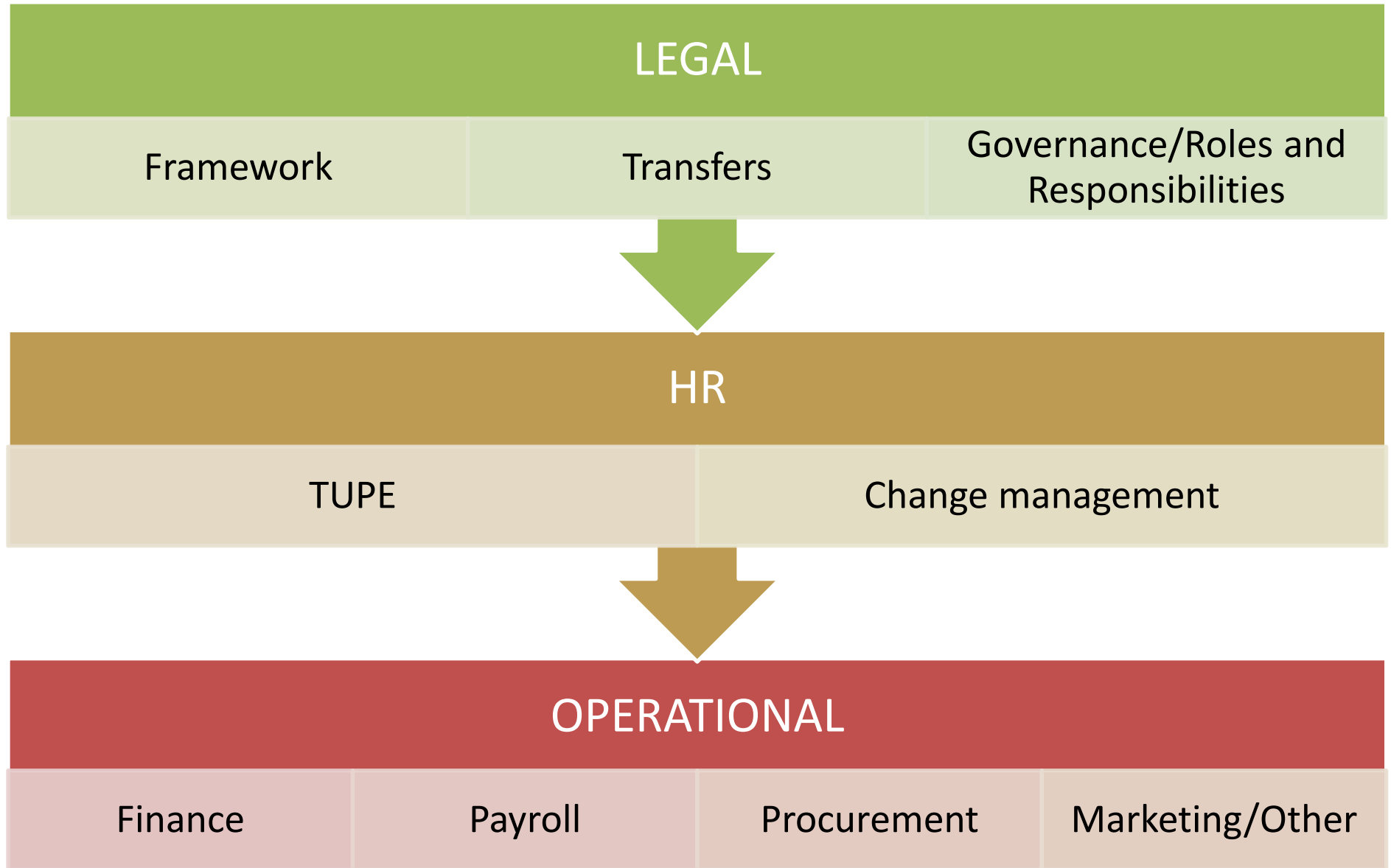
# CONVERSION PROCESS



- Due diligence
- Consultation
- Business Case
- Financial planning
- Capacity planning
- Legal work

- Legal
- HR
- Finance
- Operational changes

# THE PROCESS





# FIRST THINGS FIRST

- Communicate your intentions with staff, parents, students and community
- Due diligence
- Register your interest with DfE
- Discussions with RSC as appropriate
- Notify LA of your intention
- Obtain consent from Governing Body
- Apply to convert
- Academy Order
- DfE contact
- Academy Grant
- Form steering group
- Statutory consultations



# LEGAL

- Creation of Company
- Legal transfers
  - Staff – TUPE
  - Land
  - Commercial Transfer Agreements
- Legal documentation
  - Funding agreement
  - Supplementary funding agreements
  - Church Supplemental Agreements
  - Lease agreements
  - Articles and Memorandum of Association
  - Commercial Transfer Agreements
  - Land questionnaire



# HR/PAYROLL

- Change of employer
  - local authority schools
  - Where governors currently employ staff
- All contracts will be transferred under TUPE
- Legal advisors will guide you through a defined process
- Formal consultation with staff with unions
- Post consultation report



# HR/PAYROLL

- Think about your payroll provider – if you want to change – stagger the roll out
- Ensure payroll information accurate
- Register with HMRC, TP and LGPS as independent employer
- Clarify with local authority who will do what with regard to LGPS
- LGPS – Actuarial valuation will be needed
  - Conversion
  - Annually
- Annual returns for LGPS and TP
- TP annual return will have to be audited independently (May and Sept deadlines)



## OPERATIONAL- FINANCE

- Set up bank account as soon as possible – notify EFA
- New financial systems – future proofed and able to meet all your reporting requirements
- Installation and training for new systems
- New financial responsibilities
  - Monthly accounts and reporting
  - Preparation of annual accounts and audit liaison
- Annual audit – appointment of auditors
- Funding allocations – budget planning
- Capital funding
- New financial procedures and policies
  - Accounting and Finance policies
  - Reserves and Investment
  - Anti Fraud
  - Finance Manual



## OPERATIONAL - PROCUREMENT

- Start looking early
- Ensure when you procure services that you have a checklist of requirements that you assess each supplier by
- Procure insurance if not using RPA
  - RPA does not cover overseas trips or minibuses
- Record all your procurement
- Don't try and do everything at once, plan the process and prioritise



# ACCOUNTING CHANGES

- Comply with Company Law, Charity Law (SORP), EFA
- Academies Financial Handbook
- Academies Accounts Direction
- Management accounts
- Monthly accruals and prepayments ?
- Cash flow forecasts
- Balance sheet
- Assets and Liabilities
  - Fixed Assets – Depreciation
  - Pension deficits



# REPORTING CHANGES

- Financial year end
- Statutory deadlines
- MAT expectations
  - Stricter deadlines
- Management accounts





# STATUTORY RETURNS

## Return

## Due Date (As published March 2015)

Budget Forecast Return

within 6 weeks of opening and 31st July thereafter

Company Accounts

31st December to EFA  
31st May to Companies House

Academies Accounts Return

31st January

Financial Management and Governance Self Evaluation

4 months after opening

Value for money statement

From Aug 15 included in annual accounts

Website publication

Annual accounts, related party transactions, Funding agreements - PP etc

Annual Pension Returns  
EOYC

TP /LGPS July  
TP – May and/or Sept



## OPERATIONAL - OTHER

- Insurance
- DBS checks
- Asset Management:
  - Valuation on conversion
  - Assessment of current building stock
  - Up to date FA register and building maintenance plan
- Risk Management
  - Risk strategy and register
  - Business Continuity Planning
- Data policies and registrations
- Licences
- Examination registrations
- Novation letters to suppliers



# TOP TIPS

- Read the Academies Financial Handbook and Accounts Direction early to give you a feel for what is expected of you
- Research – websites, colleagues
- Networking is vital – don't re-invent the wheel
- Give yourself 6 months
- A Steering group is essential
- A timeline and project plan is essential to ensure deadlines are met and critical tasks are started early
- Low cost toolkits are available
- Ensure you have a robust and transparent process for appointing directors/trustees
- Make sure you have the right skills on the board
- Train trustees and governors for their new roles in advance
- Getting good legal advice and support is essential



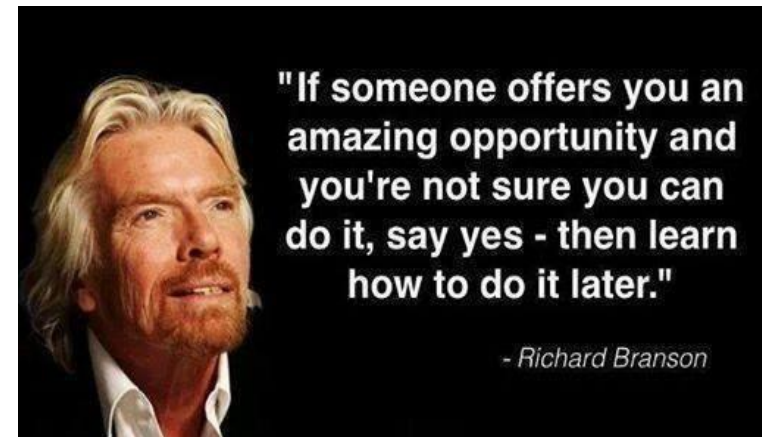
# TOP TIPS

- Ensure all staffing contracts and details are up to date and accurate – to support TUPE process
- Visit Teachers Pensions website for information
- When procuring new services make sure you have a checklist of requirements and don't be afraid to negotiate hard
- Check the cancellation terms of your current SLA's early
- Don't be beholden to your local authority.....
- Be prepared to lead and co-ordinate
- Get extra support and training in advance
- Plan the best time to convert for you – think about
  - holiday periods
  - Current building works
  - Legal issues
  - Staffing changes
- Be prepared for dates to slip



**The bigger the challenge, the bigger  
the opportunity.....**

**Academy conversion is your  
personal development  
opportunity.....**



# FURTHER HELP AND SUPPORT

<https://registration.livegroup.co.uk/efa/ContentTabs/Embed.aspx?dfid=12611>

<https://www.gov.uk/guidance/convert-to-an-academy-information-for-schools>

<https://www.gov.uk/government/collections/academy-conversion-process>

<https://schoolleaders.thekeysupport.com/school-evaluation-and-improvement/academy-status/academy-conversion>

<http://www.theschoolbus.net/content/search.aspx?search=academy+conversion>

<http://www.fasna.org.uk/>

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