

Academies
**“A Brief Guide to
Conversion”**

Contents	Page
Introduction	3
What are academies?	4
The differences	5
Conversion process Part 1	6
Conversion process Part 2	7
The issues	8
How we can help	9
Academy payroll	10
Other services	11

Introduction

Rowlands Accountants specialises in guiding head teachers, governors and finance executives through the Academy conversion process and beyond.

Our dedicated team brings together an extensive range of skills and experience; our in-house specialist services include bookkeeping, VAT, payroll and audit services.

Our services include:

- Help with the conversion process
- Help with governance
- Review of systems and controls
- Budgeting
- Year end compliance and the annual audit
- VAT and PAYE advice
- Payroll transfer and implementation

We are committed to providing you with proactive advice and 'hands on' support and a fast, flexible friendly service conducted with the highest standards of professional integrity and confidence.

Contact:

Emma Glover
E-mail: emma.glover@rowlandsaccountants.co.uk

Colin Chater
E-mail: colin.chater@rowlandsaccountants.co.uk

Tel: 0191 411 2468

What are Academies?

Running an Academy is very different to operating within the Local Education Authority.

Background to Academies

The Labour government launched its Academy programme in March 2000, in order to replace under-performing schools. These 'old' Academies were set up under Section 482 of the Education Act 1996 and required external sponsorship.

Coalition government brings changes

In May 2010 the new Coalition Government set out its plan to reform the local education system and make it easier to set up schools outside local authority control, which effectively gives schools freedom.

The new Academy schools are established under the Academies Act 2010 and are set up as a company limited by guarantee. They do not require sponsorship. The articles of association define the Academy as an 'Academy Trust', with the trust being responsible for the running and controlling of the Academy assets and land.

The new Academies – what you need to know

- Academies are prohibited from imposing charges to admission or attendance.
- The conversion process has been simplified and should only take around three months.
- Any person may enter into an agreement with the Secretary of State to run an Academy.
- Academies are free from LEA control and set their own pay scales, conditions, curriculum and term and day lengths.

The Differences – types of school

Independent schools, old style Academies and new style Academies. The education sector is becoming increasingly complex, but what are the differences?

Old style versus new style Academies

- The old style Academies were set up under the Education Act 1996 and required external sponsorship.
- They were usually schools that had under-performed.
- The new style Academies are established under the Academies Act 2010 and any schools can apply.

Academies versus independent schools

- Academies receive public funding from central government, under a contractual relationship.
- An Academy has no contractual relationship with the students' parents.
- Academies cannot charge an admission fee, but will still be able to have an admissions policy.

The Conversation Process

A target time of three months is achievable, if there are no complicating factors.

The conversion process consists of a number of stages –

- Consultation
- Application by governing body
- The Academy Order
- Notification
- Completion of the commercial arrangements, including forming the company
- Registration requirements
- Other issues

Consultation

The key to the successful conversion into Academy status is to ensure that you are fully prepared and have been through the consultation process.

The consultation should include anyone you feel to be appropriate, but an indication of relevant people would be:

- The Local Authority
- Parents
- Teachers
- Governors
- External professionals

The process can take place at any point before or after the Academy order has been made, but the order will not be completed until this process is completed.

Application and the Academy order

Once the application has been submitted to the DfE an enabling document will be given to the school by the Secretary of State.

Notification, completion and registration

Once the Academy order has been processed, then you will need to notify the relevant parties, including:

- Governors
- Teachers
- Local Authority
- Your professional team

Your professional team will then go through the process of setting up the Academy and, where required, all contracts and agreements are transferred across.

The Issues

Many schools are rushing to set up as Academies without careful consideration of the issues.

A summary of issues include:

- TUPE regulations
- Transfer agreements
- Potential pension deficits
- Property issues
- Budget setting
- Financial systems and procedures
- VAT
- Governing concerns

Essential staffing questions, including:

- Will TUPE regulations give you the freedom you want?
- Do I have a budget deficit?
- Can I put new teachers on differing contracts?
- What will my pension deficit be?

These are the types of questions you should be asking yourself and they should be raised as part of your consultation process, but this is not an exhaustive list.

How we can help

With our detailed knowledge and experience we can help all Academies, from those that need guidance through the application process, to those that are already up and running.

Our services include:

- Year end audit
- Specialist audits, including pensions and grants
- Year end accounts to the Academy's requirements
- Risk management
- Implementation procedures of systems and controls
- Independent Officer training
- Payroll
- Help with budgeting

Our expertise and approach:

We have the expertise and knowledge to help you through the Academy conversion process and beyond.

Not only do we offer our expertise and advise you, but where appropriate, we also ensure that we pass this knowledge onto your finance team.

Other Services

We can offer many more services to our clients depending on their circumstances and needs. Every client has their own specific requirements and our services are highly personal and tailored around these requirements.

- IT support
- HR resources, including payroll
- Personal tax advice
- Trading activities and subsidiary companies