

<b>TITLE</b>	<b>Council Policy on Academies</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 31 March 2016
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Judith Ramsden, Director of Children’s Services
<b>LEAD MEMBER</b>	Charlotte Haitham Taylor, Executive Member for Children’s Services

**OUTCOME / BENEFITS TO THE COMMUNITY**

- A coherent local education system preserved through a change process
- Schools’ mutual support embedded in new academy system
- Council remains a respected trading and professional partner of schools, enabled to continue its pupil-related functions

**RECOMMENDATION**

The Executive is recommended to:

- 1) adopt the provisional policy stance on academies proposed in the report, and particularly the proposal to change any school’s licensed deficit to a loan;
- 2) instruct officers to continue related discussions with the Department for Education;
- 3) maintain associated dialogue with schools and other stakeholders reflecting schools’ autonomous decision-making and current interest.

**SUMMARY OF REPORT**

The report sets out the growing pace at which schools maintained by local authorities have been and will continue to change to academy status. In this context a review of the WBC stance towards academies is due, specifically because:

1. the Education and Adoptions Bill is expected to increase the rate of “Requires Improvement” and “failing” schools becoming sponsored academies when enacted in April;
2. new schools needed have to be academies and their proportion will therefore increase;
3. indications are that government wishes to see all schools as academies in the medium term and a reduction in LAs’ Education Services Grant on the same timescale;
4. schools are aware of these pressures and concerned about how to address them;
5. The council needs to support this change in a measured way, with the LA involved and supporting, so as to develop local academies able to sponsor other local academies, and to preserve WBC’s place as a commercial partner with schools, its

influence in school improvement and its role as the champion of the children in them.

6. Discussions with the Department for Education (DfE) indicate a potential interest in Wokingham moving forward with this in partnership with central government.

The report illustrates those factors, identifying potentially significant financial implications and proposed next steps. Costs of academy conversion are controversial, to some degree unclear and potentially significant, so further exploration of those is needed (to be the subject of a separate report).

## Background

### 1) WHAT ARE ACADEMIES?

Academy schools are state funded schools in England which are not maintained by a local authority and are run by an Academy Trust which is directly funded by central government. An Academy Trust is a charitable company limited by guarantee and is, once its first Academy is open, an exempt charity. In all cases this is the body the Department for Education contracts with, funds, and holds to account. There are two types of academy trust: multi-academy trusts (MATs) and single-academy trusts (SATs). Between 2001 and 2010, there was only one kind of Academy. This was usually a secondary school that had been closed by the Local Authority and re-opened as a new legal entity, often in response to low attainment figures and judgements made by Ofsted.

Academies are favoured by government as a model of schools' governance, and were subject to an aspiration voiced in the prime minister's conference speech in October 2015, that all schools should become academies. In the form of Multi-Academy Trusts or "chains" they also reflect the preferred model of school improvement which is school to school support. Academies under the post 2010 legislation are subject to different conversion processes and requirements:

- i) *Sponsored academies can be obliged* to become academies by the Department for Education (DfE) as a result of low standards of attainment.
- ii) *Converter academies choose* to become an academy themselves but have to be approved for conversion by DfE by satisfying tests regarding standards and sustainability. The decision to apply for conversion rests with the Governors of the school. Converting schools can still seek a sponsor if they feel this will add value to the education of pupils.
- iii) All new schools must be set up as academies.
- iv) *New Academies* can be set up through different routes which involve *bidding processes* and include secondary schools, primary schools, special schools, university technical colleges (UTCs), studio schools and free schools.

### 2) WHAT IS CHANGING?

National Policy has developed in favour of smaller local Multi-Academy Trusts:

- Whilst a few years ago the DfE would have imposed an academy sponsor on a school/local authority they now seem to prefer to work with local stakeholders to find a solution. They prefer councils to be pro-active not reactive.
- The Regional Schools Commissioners (RSC) have new powers and resources to facilitate the development of organisational solutions with councils. Some of these resources have been switched from the central DfE Academies Division to the regions in order to strengthen the local knowledge.

- The large national academy chains created under the Labour government have now been curtailed. With a few exceptions their performance has not been significantly greater than the better local authorities. The preference now is for locally 'grown' multi academy trust chains based on 'natural' groupings of schools;
- One of the preferred models is for an existing outstanding school to support struggling schools eg. in the form of a School Improvement Partner. This arrangement can be set up by the governing bodies of two community schools and provides a natural stepping stone for the creation of a MAT.
- In the early years of the development of academies there was a general belief that conversion offered schools financial advantages (eg. that part of the centrally retained DSG used for services to schools was passed onto schools). Whether this was true or not, the current thinking (eg. Oxfordshire CC below) is that the only real benefits arise from groups of schools pooling their resources and supporting each other.

The Education and Adoption Bill is due to be enacted in April 2016: the overall impact will be to increase the rate of academy conversion, through the following mechanisms:

- Increased responsibilities and wider remit for Regional Schools Commissioners (RSCs), including the ability to exercise the Secretary of State's powers and intervene *directly* with schools
- RSCs will have the authority to intervene in failing academies including being able to remove sponsors;
- Duty on Secretary of State to convert failing schools to academies replaces current discretionary power, and stakeholders including governors and LAs will have duty to collaborate;
- Introduction of new category of '*coasting schools*' – ie those schools where performance data shows that they are failing to ensure their pupils reach their potential (based on a 3 year period ending Sep'16). Once a school has been notified by the RSC that it is coasting and is therefore eligible for intervention, there is a range of steps the RSC may take:
  - a. No further action – the school has a credible plan which leaders can deliver.
  - b. The school needs some additional support and challenge.
  - c. The school is required to enter into partnership with another school
  - d. Additional governors or an Interim Executive Board (IEB) are put in place
  - e. A sponsored academy solution is deemed necessary.

A new white paper is to be published shortly, to propose and precede further mechanisms to increase the rate of academy conversions for successful schools able to act as sponsors for the coasting or failing schools. This would be likely to see moves to set up local Multi Academy Trusts (MATs) to provide sponsors, and also to establish models of collaboration to secure economies of scale. Thus conversion is proposed as a means of improving the organisation and efficiency of schools and ensuring that they remain viable, in a context of financial constraint.

A change in the pace of academy conversions is a likely result, to deliver the government's aspiration voiced in the prime minister's conference speech of October 2015.

### **3) WOKINGHAM SCHOOLS CONTEXT: Experience of academy growth**

- i) There are currently 65 schools (excluding independents) in Wokingham of which 9 are academies or free schools:
  - 5 secondary academy trusts (Piggott, Waingels, Forest, Holt, Maiden Earlegh)
  - 1 secondary free school (Oakbank)
  - 2 primary academy trusts (Wheatfields, Windmill)
  - 1 primary free school (Ewendons)
  - All have converted in the last 3 years with the latest being Waingels College which converted in July 2015
- ii) Over the next 5 years a further 8 academy schools will be created through the Basic Needs/Strategic Development Location programme requiring new schools in the borough:
  - 1 secondary (Arborfield), 2016
  - 7 primary (Montague Park 2016, Shinfield West 2016, Spencers Wood 2019, Matthews Green 2018, Arborfield 2019, Hogwood 2020, South Wokingham 2020)
- iii) Thus within 5 years the number of trust schools will increase from 9 (14%) to 16 (22%) simply resulting from pupil growth.
- iv) Currently 32% of Wokingham pupils are taught in academies or free schools. By 2020 the figure will rise to 40%; for primary schools the percentage will rise from 5% to 19% (excluding impact of new legislation).
- v) Currently all of the secondary academies are of the converter type (ie voluntary conversion), with one, Maiden Erlegh being a multi academy trust (which sponsors a further secondary school in Reading, and The Piggott school which is a through school (4-18yrs)
- vi) Currently the only WBC schools sponsored by external trusts are Windmill and Wheatfield primary schools which are part of the Glyn Foundation GLF
- vii) By September 2016 a further two sponsors will be operating in Wokingham:
  - Floreat Education Trust – sponsoring Montague Park – (currently have 4 other primary schools in West London, 2 opened in 2015 and 2 to open in 2016)
  - Bohunt Education Trust – sponsoring the new secondary school at Arborfield – (Bohunt currently sponsor 3 secondary schools at Liphook, Portsmouth and Worthing)
- viii) There are currently no schools in Wokingham which have become academies owing to being rated as 'Inadequate' i.e. an imposed conversion. Several schools are reflecting on academy conversion as a way forward for them.

#### 4) EXAMPLES OF COUNCIL RESPONSES

Following a request for best practice material, the DfE identified Oxfordshire County Council (OCC) as a potential model. Details are provided via references but the key features of this council's approach to academies are:

- i. The council has had an academies policy in place since July 2012<sup>1</sup> (see Annex) which is managed through an Academies Programme Project as part of its overarching Education Strategy. There are three main strands of activity within the project:
  1. Encouraging and supporting groups of schools to convert
  2. Ensuring that underperforming schools become Academies with an appropriate sponsor
  3. Developing new Academies and Free Schools in response to demographic need or parental demand
- ii. In 2014-15, the council allocated £900k to the project.
- iii. The council publishes an annual report<sup>2</sup>
- iv. Key points:
  1. Most schools have converted as part of groups or with the intention of setting up a group in a Multi Academy Trust (MAT).
  2. Models based on local collaborative companies<sup>3</sup> are being used to promote, build on and formalise existing partnership arrangements for shared support and services between schools. They can stand on their own or be used as a stepping stone for schools in considering whether and how an academy partnership may be appropriate to them.
  3. Oxfordshire schools are encouraged to consider how they might work effectively together to find local solutions to raising standards and providing support for under-performing schools. Good/outstanding schools are encouraged to sponsor struggling schools. To this end OCC has co-hosted events with the Department for Education (DfE) to consider how the council and schools can work together more effectively.
  4. Most new MATs are based around local groupings of schools.
  5. In 2014, OCC had its first example of CoE aided school joining a MAT with non-faith schools.
  6. In 2014 4 primary schools with standards issues as judged by Ofsted converted to academy status with a sponsor. Sponsors were identified early in the process and were sourced entirely from the local area.

---

<sup>1</sup> <https://www.oxfordshire.gov.uk/cms/content/academies>

<sup>2</sup>

[https://www.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/childreducationandfamilies/educationandlearning/schools/ourworkwithschools/academies/2014\\_Annual\\_report\\_of\\_academies\\_activity\\_Oxfordshire.pdf](https://www.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/childreducationandfamilies/educationandlearning/schools/ourworkwithschools/academies/2014_Annual_report_of_academies_activity_Oxfordshire.pdf)

<sup>3</sup> A term loosely applied to Umbrella Trust and Collaborative trust arrangements which are models which can be used by groups of school irrespective of status eg. faith plus non faith, academies plus LA maintained.

7. Sponsors are identified as soon as possible after a negative school inspection judgement is known.
8. Cost of conversion – at the end of 2014 OCC estimated that the average cost (to the council) per conversion was £12k – this having increased due to the complexity of the conversion i.e. more MAT models than individual conversions.

In contrast, Oldham MBC had no council policy on academies and the council majority was ideologically against academies. Prior to the introduction of a coordinating function for academies some of the problems encountered included the case of one failing school which had a sponsor selected for them by the DfE which was agreed by the governing body. However during due diligence work carried out by the council it became apparent that:

1. The school finances, management and organisation were in no fit state to convert without the council inheriting a considerable financial liability and
2. The selected sponsor did not appreciate the state of the school and in any case did not have the capacity or capability to take on the school.
3. In the end, the council had the DfE and governing body reverse the appointment of the sponsor and a local MAT solution was introduced using a neighbouring outstanding primary school.

Work in Oldham from 2013-14 indicated that the average cost per conversion ranged from £4k to £7k for single school conversions normally dependent on the complexity of the land issues.

## **5) COSTS: addressing schools' deficits**

Cost estimates by two councils have been given above. Recently the LGA has claimed that the average cost of a school conversion to an LA is £7,000. If we were to assume a large scale conversion process and use £7,000 as an estimate there could be a total cost of £392,000 to simply convert the WBC schools.

The timescale given to convert could determine whether or not additional resource would need to be drafted in, as opposed to regarding these as opportunity costs. If WBC schools were given three years to convert this should be manageable with current staff. A timescale under three years would probably require increased staff to meet this deadline.

Further potentially significant cost implications are to be explored in a separate report. However the question of school deficits requires early attention. This is because of the risk of schools' deficits being left with the council at the point of transfer to academy status. This applies currently to sponsored academies but not converter academies. The risk is that the new national policy thrust could mean it applies to all, with resulting negative impact on council resources.

Wokingham schools are generally successful, and overall are in net surplus.

However it is considered appropriately cautious to convert current deficits to loans, and to change existing policy on deficits to ensure new ones take the form of loans. This involves a report to Schools Forum and consultation with chairs of governors; it is considered an appropriate course of action to secure the council's position.

## **Analysis of Issues**

National policy is developing mechanisms to secure a significant increase in the rate of change from maintained schools to academies. The government appears to welcome councils taking a pro-active approach to school organisation and viability as well as academy transitions, and having a strategy for dealing with their operational problems.

In Wokingham as other LAs, there are likely therefore to be more sponsored academies. In parallel schools are starting to take greater interest in academy conversion and the creation of MATs, seeing it as (a) inevitable given national policy and (b) a positive way of addressing austerity, school improvement and sustainability. Thus there will also be more converter academies, which are needed as local sponsors and MATs. It is in the interest of those schools and their pupils that they have access to expertise in the council in order to manage the process as smoothly as possible and without detriment to core business.

Best practice suggests that locally grown solutions for school support via MATs are likely to be effective:

- i. More chance of ownership and buy in from the community
- ii. Sponsors are known
- iii. Using local outstanding schools retains local knowledge and expertise
- iv. Opportunities for staff development and lesson learned.

Wokingham BC has a clear role in promoting coherent solutions to school groupings and MATs so that local partnerships are most effective. School Improvement officers are already engaged in brokering partnerships and supporting schools leaders as they address such issues.

Financial complexities including burdens on councils need to be considered with care and further explored. This will be addressed in a report to follow this one, once there has been further clarification of national drivers. It appears nevertheless the case that legislation will drive these changes, and WBC has to be able to make the best practical approach to schools' academy status. This includes approving loans to schools rather than licensed deficits.

### Current and recent actions are:

- Presentations at headteachers' and chair of governors' briefings on 10 February 2016;
- Technical support for a paired infant and junior school which have expressed interest;
- WBC representation at a meeting of the Earley cluster of chairs (at their request);
- Planned discussion with Bohunt about their ability to sponsor local schools;
- A meeting with DfE 4 March – one of their regular meetings but reflecting this agenda.

Next steps should include:

- Confirmation of WBC policy alignment with national policy:
  - to support moves to academy status, subject to capacity and resources;
  - to continue successful in establishing relationships with sponsors of new schools;
  - to be active in seeking local MATs and sponsors for schools in need of them
- Steps to ensure that local schools have access to appropriate technical and professional services, including those provided by the council
- Exploration of WBC capacity to deliver and fund the policy, in partnership with the DfE and Regional Schools Commissioner, with a further report on these matters
- Monitoring of impact on the LA's pupil-related functions including SEND, Education Welfare and the education of looked-after children
- Steps to change schools deficits to loans

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

***All figures are £,000s.***

**General Fund**

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil	N/A	Revenue (General Fund)
Next Financial Year (Year 2)	Potential £7k/school + detail to follow	May be opportunity costs	Revenue (General Fund)
Following Financial Year (Year 3)	As above	As above	Revenue (General Fund)

NB – Current Year is 2015/16

**Capital**

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£ nil	£	Revenue/Capital
Next Financial Year (Year 2)	£ nil	£	Revenue/Capital
Following Financial Year (Year 3)	£ nil	£	Revenue/Capital

**Dedicated Schools Grant**

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	n/a	£	Revenue (DSG)
Next Financial Year (Year 2)	n/a	£	Revenue (DSG)
Following Financial Year (Year 3)	n/a	£	Revenue (DSG)

**Other financial information relevant to the Recommendation/Decision**

N/A

**Cross-Council Implications**

There are implications in conversion processes relating to the transfer of assets to academy trusts, and in longer term impacts on a range of council services including those currently trading with schools.

**List of Background Papers**

None

<b>Contact</b> Alan Stubbersfield	<b>Service</b> Childrens Services – Learning & Achievement
<b>Telephone No</b> 0118 974 6121	<b>Email</b> alan.stubbersfield@wokingham.gov.uk
<b>Date</b> 9 March 2016	<b>Version No.</b> 4