

AGENDA MANAGEMENT SHEET

Name of Committee **Children and Young People Overview and Scrutiny Committee**

Date of Committee **1 September 2011**

Report Title **Academies and Traded Services**

Summary By 1 September 2011, there will be fourteen Academies open in Warwickshire all in the secondary sector. Eight other secondary schools are in the process of converting/consulting to become Academies during 2011/12. No primary or special schools have yet applied to convert, but consideration is being given to the options available in the future.

The Academies that have converted have purchased a wide range of services from WES for 2011/12. Further work will be carried out during the coming months to assess the full impact of schools converting to Academy status as part of the wider review of traded services taking place.

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Would the recommended decision be contrary to the Budget and Policy Framework? [please identify relevant plan/budget provision]

No

Background papers

None

CONSULTATION ALREADY UNDERTAKEN:

Details to be specified

Other Committees

Local Member(s)

Other Elected Members CYP&F O&S Chair & Vice-Chair
Cllr June Tandy
Cllr John Ross

CYP&F O&S Spokespersons

Cllr Peter Balaam
Cllr Carolyn Robbins

- Cabinet Member For information:
Cllr Heather Timms
Cllr David Wright
- Other Cabinet Members consulted
- Chief Executive
- Legal Fay Ford *"no comments"*
- Finance John Betts, Head of Corporate Finance *"comments incorporated into report"*
- Other Strategic Directors Paul Galland
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals Chris Jukes
Richard Maybey

FINAL DECISION **NO**

SUGGESTED NEXT STEPS: Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Children and Young People Overview and Scrutiny Committee – 1 September 2011

Academies and Traded Services

Recommendations:

That the Committee considers:

- The significant implications of the Academy programme for the role of the Local Authority in relation to schools
- The potential future financial impact of more schools moving to Academy status
- The early indications of buy back from Academies of Warwickshire's traded services
- How the policy for Academies will affect the role of Elected Members in relation to schools
- Any areas for scrutiny as appropriate

1. Purpose

1.1 The purpose of this report is to provide:

- An update on the development of the Academy programme within Warwickshire
- Information on significant recent national and local developments in the Academy programme
- An update on the approach taken for offering traded services to Academies for 2011/12
- An early indication of the buy back of traded services for 2011/12

2. The Academy Programme

2.1 Schools within Warwickshire already operate in a highly delegated environment with increasing autonomy of schools being a key feature of successive governments over the past 25 years.

2.2 The national Academy programme takes the autonomy of schools a stage further and fundamentally changes the accountability to and relationship with the Local Authority (LA) as well as the legal status of the school. Academies are state-funded independent schools that receive their funding directly from the Department for Education (DfE) through the Young People's Learning Agency (YPLA). Academies are accountable to the DfE and YPLA and receive additional funding to cover a number of functions currently carried out by the LA for LA-maintained schools.

2.3 The additional resources allocated directly to Academies by the DfE come from the LA in two distinct calculations:

(i) a budget top-sliced from all authorities (from their Revenue Support Grant) on an equal basis that does not reflect the number of Academies in a particular authority. For 2011/12, this meant a reduction in Revenue Support Grant to Warwickshire of around £1.4m. Given an ongoing legal challenge, led by the Local Government Association, and the number of schools transferring to Academy status being greater than initially planned, the DfE has recently issued a consultation around how this top-slice was calculated. As a result of this consultation, an in-year adjustment to this figure may be imposed, which could result in a further recoupment of funding

(ii) a top slice of Dedicated Schools Grant (DSG) to the authority based on a share of various DSG services (including overheads), the share being based purely on pupil numbers. For 2011/12, this is estimated (based on the number and dates of Academy conversions for 2011/12) to be £550,000. The full-year effect of this reduction in DSG is £680,000

2.4 The option of converting to Academy status is open to all primary, special and secondary schools, but not nursery schools. Any school that is performing well can apply individually to convert. Schools can also apply along with other schools as part of a formal partnership or Academy chain, providing at least one is performing well. The DfE has also announced that all underperforming schools should be converted to Academy status by 2012/13 in conjunction with a high-performing school. As part of the Education Act before parliament, additional powers will be given to the Secretary of State to order the Academy conversion of any school deemed to be underperforming. The Secretary of State has highlighted the need for the 200 lowest-performing primary schools nationally to convert as soon as possible. Two of the primary schools listed are in Warwickshire.

2.5 There are other types of academies. All Free schools are Academies. University Technical Colleges and Studio Schools are also Academies and there are a number of proposals to open this type of school in Warwickshire in the future.

2.6 The Secretary of State has recently set out the remit of the Young People's Learning Agency (YPLA) in relation to Academies. Many of the functions of the YPLA are roles carried out by LAs in the past. The key functions of the YPLA are to:

- Calculate and administer funding to Academies in line with their funding agreement
- Pay devolved formula capital grants
- Agree sixth-form pupil numbers
- Monitor Academy finances
- Oversee educational performance of Academies (including the deployment of lead advisers)
- Handle issues of admission to Academies and any complaints

- Recommend to the Secretary of State that an Academy (a) should be directed to admit a pupil; (b) change an age-range of an Academy; (c) direct a change in the admission policies of an Academy

2.7 The role of the LA in relation to Academies is to protect the interest of the child if there is evidence that provision in an Academy is not satisfactory. The Authority will have no direct control of the policies listed above in relation to Academies. This may mean the Authority might wish to make representation to an Academy, YPLA or the Secretary of State if it believes they have not carried out their duties correctly.

3. The Academy Picture in Warwickshire

3.1 **Appendix A** shows the current list of Secondary Schools in Warwickshire that are actively pursuing conversion to Academy status. Others are in the early stages of discussing a conversion. In summary, as of 8 August 2011, we have:

- 12 Academies open in Warwickshire
- One Academy due to open on 17 August 2011
- One Academy due to open on 1 September 2011
- 8 Secondary schools consulting on conversion or with applications submitted to the DfE with an intention to convert during 2011/12
- 1 Free school due to open in September 2011 (the Priors School), which will become an Academy

3.2 An Academies and Free Schools Working Group was set up in September 2010, chaired by the Head of Service (Law and Governance), to co-ordinate the LA's response to and support for schools moving to Academy status and to bring together all services trading with Academies. There are clear links between this Group and the WES Board in relation to trading activity.

3.3 Table 1 shows the number of schools in Warwickshire that have applied or converted to Academy status as of July 2011 compared to similar authorities. The picture nationally can be found on the DfE website with a clear divide of take up in the midlands and south compared to the north of England. There are far more Academies in the south with Essex and Kent being the Authorities with most Academies. Warwickshire is in line with the conversion rates in other Authorities although there are no primary school applications to convert in Warwickshire.

Table 1 – Schools converting to Academy Status

Local Authority	Total number of secondary schools	Number of Secondary Academies open and applications made	% of secondary sector converted and converting to Academy status	Number of Primary and Special Academies open and applications made	Total number of Academies open and applications made
Warwickshire	35	19	54%	0	19
Nottinghamshire	44	12	27%	4	16
Cumbria	33	16	48%	9	25
Worcestershire	28	14	50%	7	21

Northamptonshire	35	20	57%	7	27
Devon	37	21	57%	28	49
Lincolnshire	55	32	58%	14	46
Gloucestershire	41	27	66%	16	43
Cambridgeshire	29	21	72%	6	27

- 3.4 The Coventry (Church of England) Diocesan Board of Education is considering the establishment of an Academy Trust across the Diocese that would give church schools seeking Academy status a framework to do so. The Catholic Archdiocese of Birmingham will be briefing schools maintained by the Archdiocese on the arrangements for conversion to Academy status.
- 3.5 Although the governors of primary schools across the county are considering the option, no governing body has so far expressed much interest in conversion at this stage or has begun the process.
- 3.6 Currently, no special schools in Warwickshire have applied to convert to Academy Status although a number are discussing the possibility.
- 3.7 It is important to note that, almost without exception, schools converting to Academy status have expressed their wish to continue to work in partnership with the Authority and with other schools through Area Behaviour Partnerships, Heads and Governors Forums and 14-19 Partnerships. The Authority is committed to working with schools whatever their status.

4. Service Provision to Academies from the LA

- 4.1 Services that are offered to Academies from the LA can be divided into three categories:
- Services that the LA has a statutory responsibility to provide free at the point of uptake (e.g., services for vulnerable children; children and young people in care, children with special needs or learning difficulties, including issues around safeguarding)
 - Traded services currently offered to LA-maintained schools
 - Core services that are currently provided at no direct cost to schools (e.g., admissions, safeguarding advice), which will be offered on a traded basis to Academies
- 4.2 In addition, there are services that are currently traded with LA-maintained schools that will not be available for Academies to purchase due to the potential financial risk for the LA (e.g., the Sickness Insurance Service and the Property Indemnity Scheme).

5. Traded Services

- 5.1 Academies, like LA-maintained schools, can choose how to obtain support for service provision. Headteachers of secondary schools considering conversion to an Academy have expressed a wish to continue to work closely with the LA whatever their status. This is welcome, but the Authority cannot take this expression of interest for granted – it will be necessary to prove that our traded services are of high quality and offer value for money.

5.2 A wide range of traded services is offered to Academies through Warwickshire Education Services (WES) that have been carefully designed to meet the needs of Academies and reflect the changing framework of responsibilities.

5.3 Table 2 provides a list of the services available to Academies and indicates whether the service is offered to Academies on a subscription or buy-as-you-need (BAYN) basis, and whether the service is traded with all schools or just Academies. It should be noted that for the services that trade only with Academies, these are provided 'free' to LA-maintained schools through central funding.

Table 2 – Traded Services available to Academies in 2011/12

Service	Subscription or BAYN	Trades with all schools or Academies only
Admissions Service	Subscription	Academies only
Catering and School Meals Service	Subscription	All Schools
Children's University Service	Subscription	All Schools
Cleaning Service	Subscription	All Schools
Communications and Media Service	BAYN	All Schools
Copyright Service	Subscription	All Schools
Customer Relations Service	BAYN	Academies only
Design and Print Service	BAYN	All Schools
Early Intervention Service	Subscription	All Schools
Education Safeguarding Service	Subscription	Academies only
Education Social Work Service	Subscription	All Schools
Educational Psychology Service	Subscription or BAYN	All Schools
Energy and Water Efficiency Service	Subscription	All Schools
Equality and Diversity Service	Subscription or BAYN	Academies only
Finance Service	Subscription	All Schools
Free School Meals Service	Subscription	Academies only
Governor Development Service	Subscription and BAYN	All Schools
Heritage Education Service	BAYN	All Schools
HR and Payroll Service: HR	Subscription	All Schools
HR and Payroll Service: Payroll	Subscription	All Schools
ICT Development Service	Subscription	All Schools
Integrated Disability Service	Subscription	All Schools
Legal Service	Subscription or BAYN	All Schools
Minibus Driver Training and Assessment Service	BAYN	All Schools
Outdoor Education Service	Subscription and BAYN	All Schools
Property Maintenance, Minor Works & Risk Management	Subscription and BAYN	All Schools
Risk and Assurance Service	BAYN	Academies only
Safety and Premises Service	Subscription	All Schools
Schools Library Service	Subscription	All Schools
Specialist Technical Service	Subscription and BAYN	All Schools
Vehicle Fleet Management Service	BAYN	All Schools
Youth and Community Service	Subscription and BAYN	All Schools

6. Buy Back of Traded Services

6.1 We are currently in a transition period with many schools converting to Academy status part way through the trading year (the financial year). It is therefore necessary to review the impact on traded services in three ways:

- By comparing the subscription purchases of the five Academies open for the full 2011/12 financial year with their subscription purchases in 2010/11 (see paras 6.2 to 6.3)
- Via an overview of the pattern of subscription purchases for schools converting part way through the trading year, given that direct monetary year-on-year comparisons are not possible (see para 6.4 to 6.6)
- Most importantly, by individual service managers assessing the impact of the Academy programme on their individual business (see paras 6.7 to 6.8)

6.2 At 1 April 2011, there were five Academies open in Warwickshire purchasing a wide range of services from WES for the full financial year. Table 3 shows the total subscription income from the five Academies – as schools in 2010/11 and as Academies in 2011/12.

Table 3 – Subscription income from five Academies open from 1 April 2011

Subscription income as Schools in 2010/11	Subscription income as Academies in 2011/12	Change in subscription income level
£719,509	£570,311	-£149,198

6.3 While this shows a reduction in subscription income levels, this does not reflect the full picture as:

- The 2010/11 purchases includes income of £345,295 for services that are not offered to Academies (such as Sickness Insurance, Schools Insurance and Property Indemnity Scheme). However, this reduction in income brings a reduction in expenditure and liability for those services – so ,for example, we will not be underwriting sickness absence or property maintenance repairs for schools that do not purchase these two services
- The 2011/12 purchases include £95,000 of new services that are traded with Academies – such as the Admissions Service. (These services are provided to LA-maintained schools through central funding.)
- Many services are available to Academies on a buy-as-you-need basis (including Property Maintenance Repairs). Therefore an analysis of spend will be needed at year end to explore whether some of this change in subscription income level has been recovered through the BAYN channel.

6.4 The nine other Academies have purchased services from WES from their date of conversion, which range from 1 June to 1 September. Financial comparison is complex as the purchases represent part-year subscriptions.

6.5 Table 4 shows the average percentage of subscription services purchased across the nine Academies from all services available to them as LA-maintained schools in 2010/12, as part-year LA-maintained schools in 2011/12 and as part-year Academies in 2011/12. This shows a decrease in the percentage of subscription services purchased from the LA.

Table 4 – Average purchases for nine Academies open part way through 2011

Average services purchased as LA maintained schools in 2010	78%
Average services purchased as LA maintained schools for part year 2011	54%
Average services purchased as Academies for part year 2011	52%

6.6 Table 5 shows, on a service-by-service basis, the percentage of the nine Academies that have purchased subscription services. The “n/a” refers to services not offered in that year or to that school type (see the notes column in the table).

Table 5 – Subscription service percentage buy back of the nine Academies open part way through 2011

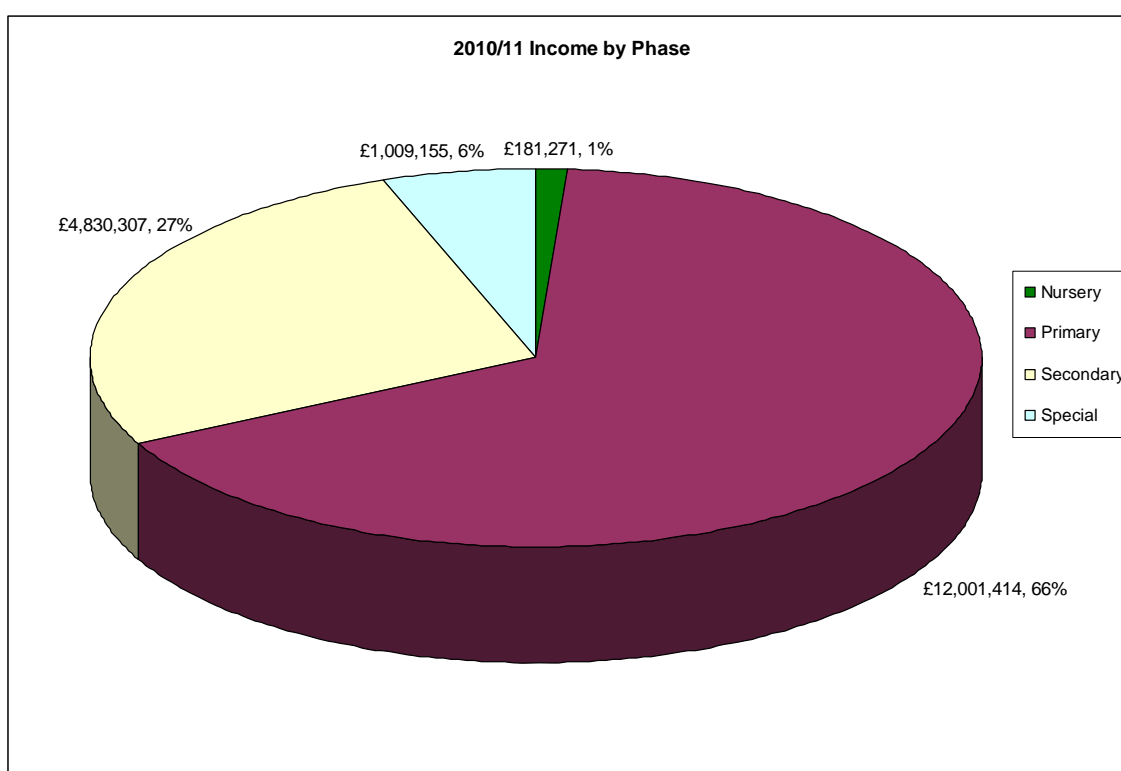
Service	Notes	2010 Purchase %	2011 Part Purchase % as maintained schools	2011 Part Purchase % as Academy
Admissions Service	Academy Only Service	n/a	n/a	89%
Catering and School Meals Service	Individually arranged for Secondaries	n/a	n/a	n/a
Childrens University Service	New in 2011 for all schools	n/a	0%	0%
Cleaning Service		33%	33%	33%
Communications and Media Service	Buy as you need only for Academies	78%	56%	n/a
Copyright Service		100%	100%	100%
Early Intervention Service		56%	44%	44%
Education Safeguarding Service	Academy Only Service	n/a	n/a	89%
Education Social Work Service	New in 2011 for all schools	n/a	0%	56%
Educational Psychology Service	New in 2011 for all schools	n/a	22%	44%
Energy and Water Efficiency Service		100%	78%	22%
Equality and Diversity Service	Academy Only Service	n/a	n/a	22%
Finance Service		100%	89%	33%
Free School Meals Service	Academy Only Service	n/a	n/a	89%
Governor Development Service		89%	67%	56%
HR and Payroll Service HR		89%	89%	78%
HR and Payroll Service Payroll		78%	78%	67%
ICT Development Service		100%	100%	89%
Integrated Disability Service	New in 2011 for all schools	n/a	11%	33%
Legal Service		100%	100%	78%
Outdoor Education Service	New in 2011 for all schools	n/a	11%	78%
Property Service	Available in different form to Academies	100%	89%	56%
Safety and Premises Service		100%	100%	100%
Schools Insurance Service	Not available to Academies	100%	100%	0%
Schools Library Service		67%	33%	33%
Sickness Insurance Service	Not available to Academies	33%	22%	0%
Specialist Technical Service		89%	78%	67%
Youth and Community Service	New in 2011 for all schools	n/a	0%	0%

6.7 As the table above illustrates, the impact of the Academy programme on traded services differs on a service-by-service basis due to the way services are offered:

- Some managers are offering different configurations of services for Academies
- Some are not offering aspects of their service at all
- Some will have a larger proportion of income from the Secondary sector than others
- Some have switched to offering more buy-as-you-need services than subscription services (and only subscription income is analysed above)

6.8 The full impact of the Academy Programme on individual services will be assessed as part of the wider review of traded services that was recommended in WCC's Future Relationship with Schools review, as reported to Cabinet on 14 July 2011. Every service trading with schools is preparing a business case for trading from 2012 onwards. These business cases will be considered by the WES Board, then SDLT and then Cabinet.

6.9 In 2010/11, the subscription income from WES Services across each phase can be seen in the following chart. This shows that by far the majority of income and trading takes place with the Primary sector, where there has been to date relatively little interest from Primary schools in terms of converting to Academy status. However, other trends towards federations and cluster working will have different impacts on trading as we move forward. These will be considered as part of the wider review of traded services.



7. Summary

7.1 By 1 September 2011, there will be fourteen Academies open in Warwickshire. Eight further secondary schools are in the process of converting to become Academies during 2011/12 and it is likely that others will follow. While no primary schools have yet applied to convert, the Church of England initiative may make a significant difference to this situation in the near future.

7.2 The Academies that have converted have purchased a wide range of services from WES for 2011/12. However, this short-term and limited picture should not lead to complacency, as it is likely that newly created Academies will turn their attention to identifying alternative and potentially more competitive services in readiness for 2012/13.

- 7.3 Further work will be taking place during the coming months to assess the full impact of schools converting to Academy status on traded services as part of the wider review of the future viability of traded services. This review will also include fully costing services for future trading opportunities.
- 7.4 This work will be fed into the outcomes and further work arising from WCC's Future Relationship with Schools review, as reported to Cabinet on 14 July 2011.
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Portfolio Holder: Cllr Heather Timms

17 August 2011

Warwickshire Academies – State of Play as at 8 August 2011

School	Type	Sponsor / Partner	Consulting	Application submitted to DfE	Academy Order Issued	Date of Change (if known)
The Nuneaton Academy	Academy	North Warks & Hinckley College	✓	✓	✓	Opened 1 st September 2010
Polesworth School	Academy		✓	✓	✓	Opened 1 st February 2011
Alcester Grammar School	Academy		✓	✓	✓	Opened 1 st April 2011
Ashlawn School	Academy		✓	✓	✓	Opened 1 st April 2011
Rugby High School	Academy		✓	✓	✓	Opened 1 st April 2011
Studley High School	Academy		✓	✓	✓	Opened 1 st June 2011
Myton School	Academy		✓	✓	✓	Opened 1 st July 2011
Alcester High School	Community	Caludon Castle School, Coventry	✓	✓	✓	Opened 1 st August 2011
King Edward VI School	Voluntary Aided		✓	✓	✓	Opened 1 st August 2011
Stratford Girls' Grammar School	Community		✓	✓	✓	Opened 1 st August 2011

School	Type	Sponsor / Partner	Consulting	Application submitted to DfE	Academy Order Issued	Date of Change (if known)
Stratford High School	Community		✓	✓	✓	Opened 1 st August 2011
The Coleshill School	Community	Caludon Castle School, Coventry	✓	✓	✓	Opened 1 st August 2011
Henley High School	Community	Alcester Grammar School	✓	✓	✓	17 th August 2011
George Eliot School	National Challenge Trust School	North Warks & Hinckley College	✓	✓	✓	1 st September 2011
Bilton School	Community	Coundon Court, Coventry	✓			1 st November 2011
Campion School	Community		✓	✓	✓	1 st January 2012
Shipston High School	Community		✓	✓	✓	TBC
Aylesford School	Community		✓	✓	✓	TBC
Etone College	Community		✓	✓	✓	TBC
Ash Green School	Foundation	Creative Trust	✓	✓		TBC
Higham Lane School	Community		✓			TBC
Kineton High School	Community			✓		TBC