

OPERATIONAL GUIDANCE FOR SCHOOLS CONVERTING TO ACADEMY STATUS

**Guide for schools contemplating converting to
academy status including a background to the
academies programme and a focus on financial
considerations**

Version 2

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A. Introduction: The academies programme

- The Academies Act was passed on 27 July 2010. The Act enables more schools in England to become academies (state funded independent schools exempt from local authority control).
- The main provisions of the Act:
 - allow maintained schools (secondary, primary, special) to apply to become academies and permit the Secretary of State to issue an Academy Order requiring the local authority to cease to maintain the school on the date of conversion;
 - allow the Secretary of State to require schools that are eligible for intervention to convert into academies;
 - ensure there is no change of religious character as a result of the conversion process;
 - allow schools that apply to become academies to keep any surplus financial balance;
 - remove the requirement to consult the local authority before opening an academy (consultation can still take place, but is not required by law);
 - ensure that for foundation and voluntary schools, with a foundation, there is consent from that school's foundation (often a Diocesan Board of Education) before the school can apply to become an academy;
 - allow maintained schools that currently select to continue to do so as an academy;
 - deem Academy Trusts to be charities;
 - ensure that a converting school will continue, as an academy, to be able to occupy the land/buildings it had as a maintained school, and that the school's other assets may also transfer to the new academy for the benefit and use of the pupils of that school.

The Act can be read in full at

<http://www.legislation.gov.uk/ukpga/2010/32/contents>

and the accompanying explanatory notes can be found at

<http://www.legislation.gov.uk/ukpga/2010/32/notes/contents>

The subsequent Education Act 2011 extended the types of academies that can be set up to include 16-19 academies and alternative provision academies. Secondary schools will no longer need to have a specialism. The Department for Education's advice and guidance on academy schools can be found at www.education.gov.uk/academies.

The Education and Adoption Act 2016 extended the academies programme to:

- Require every school judged 'inadequate' by Ofsted to be turned into a sponsored academy. The Government has estimated an extra 1,000 schools could be converted to sponsored academy status over the current Parliament.
- Give new powers to the Secretary of State for Education to intervene in schools considered to be underperforming, and constrain local authorities from doing so in some circumstances.
- Expand the legal definition of the 'eligible for intervention' category to include 'coasting' schools, and enable (but not require) the Secretary of State to turn such schools into sponsored academies or intervene in them in other ways.
- Allow the Secretary of State to issue directions, with time limits, to school governing bodies and local authorities, to speed up academy conversions.
- Place a new duty on schools and local authorities in specified cases to take all reasonable steps to progress the conversion
- Require schools and local authorities in specified cases to work with an identified sponsor toward the 'making of academy arrangements' with that sponsor.
- Remove the requirements for a general consultation to be held where a school 'eligible for intervention' is being converted to a sponsored academy.

DfE guidance says:

There are 2 different models for running an academy. We recommend that you discuss the different academy models with your project lead before you apply. Your project lead will help you understand which of the 2 models is most appropriate for you.

The 2 academy models are:

Single academy

Not all schools are able to convert as single academies. To be able to convert as a single academy:

- your latest Ofsted rating must be 'outstanding' or 'good with outstanding features'

- your pupils' attainment and progress must be above the national average
- you will need to prove that your schools' finances are healthy

If you convert as a single academy, we will expect you to support at least 1 other local school. We will ask for details of the school or schools you will be supporting in the application form.

Multi-academy trust

All academies in a multi-academy trust are governed by a single trust and a single board of trustees. They also share staff and expertise, and make savings when buying goods and services.

The Academy Trust can establish a separate governing body for each of its academies. These are called local governing bodies. The board of trustees can then delegate some of its functions to the local governing bodies.

To convert as a multi-academy trust you can either join an existing trust or you can work with other schools to set up a new trust.

There are 2 ways to create a new multi-academy trust. You can either:

- convert with schools you already work with
- start a relationship with a new school

The purpose of this guidance is to provide a broad analysis of the financial issues that Governing bodies need to consider when making the decision about whether they wish to achieve academy status.

- The changed status and opportunities for Academies since change of national policy mean that many schools may now wish to explore the relative merits of academy and maintained status. The Local Authority (LA) supports schools taking on greater autonomy and accountability and wishes to constructively engage with schools in the process of considering academy conversion to ensure that these significant decisions can be taken in full knowledge of all relevant factors
- The LA has an absolute duty to meet the needs of all children and raise their aspirations in all aspects of their lives. To achieve this, the Local Authority will welcome close fruitful working partnerships with all types of school in the area.
- Oxfordshire County Council has a clear role as the strategic commissioner of the learning system and is committed to working closely with all schools in the county to ensure that provision is strategically planned in partnership. Building on the strong family of schools in the county the Local Authority wishes to emphasise the benefits of collaboration and partnership in raising attainment for all

pupils and meeting the needs of vulnerable children, as well as in addressing wider society needs.

- A clear message from Heads and Governors of successful academy conversions is that the most important starting point for the process is the development of a clear vision to drive the change and sustain the trajectory of improvement. It is essential that there is a strategic approach to carefully using the relative “freedoms” of academy status to generate innovative approaches to raising achievement and support the collaborative work of the whole pyramid of schools in meeting the needs of the local communities. The expectation is that further stable long term partnerships and collaborations will be developed to strengthen the school and the wider provision including those with the Local Authority.
- Although the Government is clear that becoming an academy should not bring about a financial advantage or disadvantage to a school, academies have greater freedom on how they use their budgets.
- Academy status brings a change in the statutory relationship with the Local Authority and a range of additional responsibilities. The Local Authority provides maintained schools with protection against risk – e.g. from industrial tribunal to building emergency – that Academies have to manage for themselves. These could generate potentially significant costs and additional workload for academy staff. An academy will need a detailed business plan and staffing capacity to manage its responsibilities as employer of staff, admissions authority, owner/lessee of buildings and site and manager of risks for the school. As admissions authority, an academy is required to set its own admissions policy (within the national code and through local common admissions arrangements). The Local Authority believes strongly that communities in the county will be best served by all schools continuing to work together to ensure that admissions criteria used are complementary and work to the best advantage of all.
- In order to make a statutory decision to convert to an academy, a Governing Body needs to work through a process of careful balanced decision-making which can take into account the weight of advantages of freedoms and the additional responsibilities and risks that school governing body will have to manage. Robust and rigorous consultation is essential to ensure that decision making is soundly based.
- Following a decision to convert to academy status there will be a number of technical matters with which a range of Council departments need to be engage in to effect a smooth transition, including;
 - up to date advice about the funding mechanism for academies
 - TUPE transfer of staff

- Pensions arrangements
 - buildings, asset and land transfer
 - transfer of existing contracts and service level agreements
 - financial closedown and budget transfer
 - legal advice and processes
 - risk management
- It is important that the Governing Body is able to consider the full scope of the processes involved with academy conversion in order to allow for a reasonable period for implementation, particularly in relation to TUPE processes. The timescale for the process may be longer than initially assessed, the workload and cost for school and Local Authority may require additional resources or be limited by existing capacity. The Local Authority wishes to co-ordinate the engagement with schools considering a change of status at the earliest possible opportunity so that we can provide information, technical support and ensure that the appropriate range of colleagues are fully involved on a timely basis. We would like to work together to ensure that all necessary matters are addressed in good time and a smooth transition can take place that maintains quality and confidence and safeguards the interest of pupils and families.
 - The Academies Team is the first point of contact with schools considering such a change and we would ask that you to contact Academies@oxfordshire.gov.uk at the earliest opportunity to make sure that the Local Authority can co-ordinate and provide the best possible advice and guidance to the school. We would welcome the opportunity to speak to the Governing Body about these issues.
 - Further guidance is given in the FAQ section that follows.

B. FAQ / Guidance for Schools Considering Conversion to Academy Status

1. Should we consider becoming an academy?

Heads and governors of successful converter schools are convinced that it is an essential first step to establish a clear purpose at the outset to drive the conversion process.

- Why is the school considering conversion to academy?
- Can those aims be achieved by other means – the virtues of maintained status?
- Are the positives that are well publicised by the DfE and SSAT strong enough to balance the additional responsibilities and liabilities?
- What is the long term vision for the school that will sustain the conversion process

- There is a minimum term of 7 years as an academy.

2. Will we get extra funding?

- Academies are funded directly by the Education Funding Agency (EFA) rather than through the local authority.

The Government has stated that becoming an academy will not provide more money for a school: the school will receive the equivalent per-pupil amount that the local authority would have spent through the **General Annual Grant (GAG)**.

- The Education Support Grant to Local Authorities continues to include £15 per pupil for pupils in all types of publicly funded schools, including academies, in respect of statutory duties that remain with them. The rate the Local Authority receives per school, currently £87 per pupil, for other base services will go direct to your academy trust and the Local Authority allocation will be reduced accordingly.
- Early Years and High Needs funding will be allocated in the same way as is done for maintained schools and will be passed to Academies by the Local Authority.

3. What are the extra costs?

- Oxfordshire County Council schools buy back in to a wide range of central “traded” services and Governing Bodies decide every year which services they wish to use and which they wish to source elsewhere. Academy Trusts may have their own preferred services and providers. Back office functions such as HR and Payroll services from the Local Authority will not be available to you as an academy. Other services may be available and will need to be purchased, usually on an annual basis by your academy in the same way as you buy services now.

4. What are the additional responsibilities of becoming an academy?

- How good is the school's/Trust's business plan and staff capacity to manage future (unknown) budget shares against key demands and costs areas that the Local Authority carries now :
 - Admissions – Academies are their own Admissions Authorities (see FAQ 13)
 - Personnel and payroll and other HR employment related support issues
 - Health and safety management
 - Mandatory staff training

- Public liability and insurance SEN provision and behaviour services (see FAQ 8 below)
- ICT and other contracts and licences
- Equalities legislation – race, gender, disability – impact assessments are required
- Free School Meal eligibility assessments – (see FAQ 9 below)
- Legal costs – as charitable trusts, academies need their own independent legal advice
- Pensions – Academies are responsible for the true costs of the Local Government Pension Scheme for support staff (see FAQ 10)
- Maintenance of all buildings, planned repairs and lifecycle replacements
- Annual external audit
- Publication of annual accounts

5. What are the extra liabilities?

- The Local Authority provides a “safety net” against all risks for Local Authority maintained schools and so an academy requires a range of policies and compliance systems that need to be in place to manage risk e.g. redundancy policy
 - There are a wide range of liabilities and risks associated with the employer role of an academy
 - Maternity /parental leave
 - Staff and governors will need legal indemnity against a range of liabilities
 - There are additional costs of managing staff disciplinary and misconduct policies
- The true impact on the council provision to other schools if critical mass or economies of scale are reduced leading to unviable/unsustainable services

6. What do we need to consider and plan into the conversion process?

- The DfE Guidance note “A Guide To Becoming An Academy” gives a thorough description of the process as do the conversion guides on the OCC website: <http://schools.oxfordshire.gov.uk/cms/content/guide-conversion>
- Schools considering conversion need to include sufficient time to complete the complex processes (taking into consideration school holidays or busy times that may impact on workloads)
- The TUPE transfer of staff in particular requires time and careful management

- The school needs staff capacity and skills to support the additional workload
- The Local Authority has to manage its capacity to ensure proper engagement and support – engaging with the Local Authority as early as possible will help to agree realistic expectations
- There is a significant requirement for independent legal advice and it has variable costs depending on the complexity of individual situations. This has to be organised by the converting school. There is a government grant to contribute to this.
- Schools shouldn't underestimate the challenges and reputational risks associated with the process and need to consider how they maintain staff and parental confidence

7. What consultation should we carry out? How do we do it?

The Education and Adoption Bill 2016 removed the requirement for a general consultation to be held where a school 'eligible for intervention' is being converted to a sponsored academy. For all other conversions:

- Consultation is intended to support and enable good and secure decision-making
- Good practice is rigorous and transparent so that the process has the confidence of key stakeholders and is not open to challenge
- There is no laid down prescription for academy consultation but there are strong guidelines for other prescribed alterations to schools that inform best practice.
- Some key questions are
 - **How long should be allowed?** – Good practice suggests 6 weeks in term time with a minimum of 4 weeks.
 - **Who should be consulted?** – Good practice includes all those likely to be affected by the change – parents, pupils, staff and other key stakeholders.
 - **What question is being asked?** – Consultation documents and presentations need to make clear what you are proposing and want to find out, the reasons behind the proposal and how the proposed change is likely to affect the consultee.
 - **How can consultees respond?** – Stakeholders need to know how to make their views known – by response sheet, letter, email etc. and where to send their views before the deadline for the end of the consultation to make sure that they are taken into account by the decision-makers.
 - **How are you going to acknowledge, collate and analyse responses?** A system needs to be in place before the consultation starts to manage and process the responses. How are the responses going to be analysed and reported rigorously to the Governing body to support the decision-making.
 - **How and when will responses be used** to support and inform decision-making? – When will governors meet to decide?

- **How will consultees find out about the decision?** – What method will be used to feedback the outcome of the consultation to the key stakeholders?

8. SEN PROVISION AND BEHAVIOUR SUPPORT SERVICES. What support will be provided by the Local Authority and which services will an academy have to obtain?

- SEN services are retained by the Local Authority and will continue to be provided for pupils with SEN as now.
- Behaviour support services will need to be procured by an academy as required. The Local Authority will continue to offer high quality placements and support on a buyback basis.

9. FREE SCHOOL MEAL ELIGIBILITY ASSESSMENTS. Will the LA continue to carry out FSM assessments?

- This service will be available as a buyback provision. An academy can choose to carry out the assessment by manually doing the required checks on family income etc. The Local Authority can carry out such checks more efficiently and the potential integration of benefit assessments across the Local Authority could help to give a true picture of eligibility and ensure that both the Pupil Premium and DSG gets county wide maximisation.

10. PENSIONS: What are the true costs of staff pensions?

- Teachers' pensions are part of the national scheme and so the employer's contributions are unchanged by conversion to an academy.
- An academy is required to offer support staff membership of the Local Government Pensions Scheme (LGPS). Existing staff who are already members of the LGPS will be unaffected and any new staff will also be eligible to join the LGPS.
- The employer's contributions to the LGPS take into account the age and contribution profile of the staff. An actuarial assessment of the costs has to be carried out to determine the employer's contribution and this will also include a share of the liability for any deficit in the LGPS.

11. ADMISSIONS: How will becoming an academy affect admissions arrangements?

- When a school converts to become an academy, it will be the admission authority for the school and is responsible for its own admission arrangements. This will mean little change for some schools such as Foundation (and Trust) and Voluntary Aided schools which already are self-standing admission authorities. But for community schools and Voluntary Controlled schools there would be a significant

change - the academy will need to manage its own admissions process.

- All academies are required to adopt clear and fair admission arrangements in line with the admissions law and the School Admissions Code. This will involve periodic consultation and regularly publishing the academy's admission arrangements.
- In drawing up the schools' admission arrangements, admission authorities must ensure that the criteria used to provide the allocation of school places are clear and fair for all groups of children.
- Admission authorities are responsible for arranging Independent Appeal Panels to consider admission appeals. This can generate significant additional workload for schools that are over-subscribed

C. Contact List

The Local Authority's Academies Team is the first point of contact for schools considering conversion to an academy.

Contact

Academies@oxfordshire.gov.uk

Telephone 07733 003540 or 07920084517

D. Financial Policy and Financial Procedures for schools converting to academy status and buying back into "Traded" Services.

Please note that this process is subject to ad hoc change and notes will be updated periodically.

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1 Introduction

As part of the conversion process the schools financial management will need to move away from the maintained school arrangements, and the school's accounts closed down with Oxfordshire County Council (the "Local Authority" - LA).

Under the Academy Conversion (Transfer of School Surpluses) Regulations 2013 (SI 2013/3037), the local authority has four months from the date of conversion to determine whether the predecessor school had a surplus balance at that date, prior to transferring that amount to the trust, assuming that the school has complied fully with the final accounting requirements. The regulations and a guidance document are available at:

http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416430/School_balances_on_conversion_submission.pdf
<http://media.education.gov.uk/assets/files/pdf/s/guidance%20note%20on%20transfer%20of%20surpluses.pdf>

<https://www.gov.uk/government/consultations/the-academy-conversions-transfer-of-school-surpluses-regulations-2013>

If the local authority determines that there is a deficit at the date of conversion, the local authority will be reimbursed that sum by the DfE (subject to the amount being agreed) and the EFA will recover the sum from the academy's General Annual Grant (GAG). The timetable for doing so will be agreed between the EFA's financial monitoring team and the Academy Trust, and will take account of the amount involved and the affordability of repayments given the academy's financial position.

The basic principle that will apply is that all transactions relating to staffing costs and goods and services received prior to conversion need to be reflected in the accounts of the Local Authority. This is important because both the Local Authority and the academy need to report accurate accounts for their respective financial years. It is also important because a different VAT regime applies to academies and they are not part of the Local Authority's VAT registration.

The conversion process will be much simpler if transactions are posted to the correct accounts with no subsequent need for correction. Any staffing costs and goods and services received after conversion will need to be reflected in the finance system and bank accounts of the new academy. It will help if schools minimise the amount of ordering that is done in the lead up to conversion.

In addition to the process below, we would strongly recommend that the school run the reports below before conversion. Please note that these reports will not be available post-conversion. Where a report relies on financial information, it is also crucial to run the report before payroll suspend the service in order to run their own monthly reports as the information is not available during this period. We would recommend that

the school runs the report as close to conversion as possible which would normally be around 23rd / 24th of the month prior to conversion.

We recommend that you run all the reports available using the help information provided. These reports include:

- Revenue monitoring
- Capital monitoring
- Project monitoring
- Staffing costs
- Income and debt
- Travel and expenses

As an example, to get to the 'Staffing actual costs' report help page, navigate as follows (selecting the named tiles):

Home -> Help -> Finance -> Reports

Then for staffing: Staffing costs -> Staffing actual costs

The report will default to the current period so (as per guidance, section 2) you need to select the report period on the 'variable entry screen'.

For ease of reference, you may note that you can export the data to Microsoft Excel.

2 SAP Accounting

Regardless of your choice of financial systems as an academy, you will not be able to use the Local Authority SAP system. Your accounts in SAP will need to be closed down so that the final balance can be agreed and transferred. Academy access to its current (pre conversion) form will cease, and it is therefore important that the following procedures and processes are carried out prior to conversion.

Under no circumstances should the closing maintained school make any payments from the schools existing accounts to the academy bank account. The local authority must be instructed as necessary.

Procurement

2.01 Only transactions where the goods/services are received/provided prior to conversion should be recorded on the school's SAP system.

2.02 You should ensure that for all goods that will be received before conversion that an official purchase order is raised at the time of ordering to reduce workload at the point of conversion.

- 2.03 It is expected that all goods and services purchased prior to conversion under the SAP system will be used by the school and are not being pre-ordered for the academy.
- 2.04 You should cancel any orders raised in SAP if it becomes apparent that the goods will not be received prior to conversion.
- 2.05 By the last day as a maintained school and no later than the first working day as an academy all remaining orders on SAP should be cancelled/cleared/closed.
- 2.06 Ensure that final day meter readings are taken for all utilities and service contracts (i.e. photocopying)

Income

- 2.07 All income received up to the date of conversion will need to be banked and credited to the County Main Fund Account using the school's cash receipting book and recorded on SAP.
- 2.08 All invoices for lettings and services provided prior to conversion should be issued no later than a week before the last day as a maintained school. If lettings and services cover the period pre and post conversion, then one invoice must be raised by the school for the period up to the date of conversion and one by the academy post conversion.
- 2.09 Debtors – all debts relating to invoices issued by the school pre conversion should be collected within one month of the conversion date. Any remaining outstanding debt will be passed to the academy for collection or resolution and effectively deducted from the closing school balance.

Local Expenditure Bank Account

- 2.10 Only transactions where the goods/services are received/provided prior to conversion should be paid through the local expenditure bank account.
- 2.11 Prior to conversion all unpresented cheques should be actively chased and any cheques more than six months old must be cancelled.
- 2.12 Within 4 weeks of conversion the academy will be expected to further review any outstanding cheques and cancel any remaining unpresented cheques before the final balance can be agreed.

- 2.13 All direct debits on the local expenditure bank account will need to be cancelled once all mandated payments for lettings and services provided prior to conversion have been charged to the account. The academy will need to make alternative payment arrangements for vendors for any future payments.
- 2.14 A reconciliation of the local expenditure account should be completed by the last day as a maintained school and the latest entries should be input to SAP. The final balance calculation cannot be processed until this has been completed by the school.
- 2.15 The school will need to provide a written reconciliation to the Local Authority within the three month transfer date. The reconciliation will be between the bank balance (expenditure and 'top ups') in the local expenditure account (as at the last day as a maintained school) and the original advanced float. The final balance calculation cannot be processed until this has been completed by the school.

Petty cash

- 2.16 All claims should be agreed and processed prior to conversion.
- 2.17 No reimbursements from petty cash should be made for any goods purchased after the conversion date.
- 2.18 A reconciliation of petty cash should be completed by the last day as a maintained school.
- 2.19 Any petty cash held and reconciled at the day of conversion will need to be credited to the County Main Fund Account using the school's cash receipting book.

3 Payroll and Personnel

- 3.01 All supply teachers, casual staff, overtime and staff travel and expenses claims incurred by the school up to the last day as a maintained school should be authorised in accordance with the school's internal procedures and must be submitted to the IBC within the agreed receipt deadlines.
- 3.02** Correctly completed claim forms, salary notifications and electronic returns received by the receipt deadline will be paid on the pay date that month. Notifications and claim forms that miss the deadline will have to be picked up by the school. **Please note that retrospective adjustments to payroll should not be made on the system after the payroll deadline in the last month before conversion as these will not be processed or included in the transfer of balances.**

- 3.03 A reconciliation of payroll transactions should be completed by the last day as a maintained school.
- 3.04 The school will have personnel records that are kept on site. To ensure the security of the information and to enable the Local Authority to comply with Her Majesty's Revenue and Customs (HMRC), Superannuation schemes, reference requests and so forth, the records should be kept as financial archives of the school for a minimum of six years.

4 Assets

- 4.01 It will be necessary for the land and buildings occupied by the school to be available for use by the academy. The exact arrangements for achieving this will depend on whether your school is a Community, Foundation, Foundation school with a Foundation ("Trust" school) or Trust School or a Voluntary School and whether the land used by the school is public land, private land or a combination of the two.
- 4.02 Schools will need to instruct their own lawyers to deal with the legal arrangements for the land transfer. It is intended that the transfer of publicly funded land owned by the local authority to the academy will usually be by way of a 125-year lease. Public land in the ownership of the governing bodies or trusts of foundation and voluntary schools will usually be transferred to the Academy Trust by way of transfer of the freehold.
- 4.03 Where there is shared use of facilities on the site of school, for example shared use of a sports centre, a shared use agreement will need to be drawn up or novated to the Academy Trust prior to achieving Funding Agreement. This will need to be done typically by negotiation and agreement with all the parties that sign up to the shared use agreement.
- 4.04 If there is any building work due to be completed after a school converts to academy status, agreement needs to be obtained before the Funding Agreement is signed on responsibilities for completing the building work (for example with the local authority), to ensure that unfunded liabilities do not pass to the Academy Trust.
- 4.05 All stocks, stores and other assets owned outright by the converting school are transferred to the new academy as part of the Commercial Transfer Agreement. However, the converting school will need to liaise with contractors and suppliers prior to the last day as a maintained school regarding any equipment and assets that are leased (e.g. photocopier) or licensed (software) to ensure that third party assets are not transferred.

- 4.06 The converting school will need to consider their position in relation to the contracts they (i.e. the Governing Body) may hold with external suppliers, for such services as catering, cleaning, security, and ICT products and services. If the governors wish to maintain a contract with an existing supplier, they will need to discuss with the supplier how it could be transferred to the Academy Trust. Contractors are unlikely to object to the transfer as it allows them to retain the business and most contracts will, in any case, contain an assignment clause, permitting its transfer to a new entity.
- 4.07 Decisions will also need to be made about services currently provided by or bought from the local authority, which the academy might wish to obtain elsewhere.
- 4.08 Decisions will also be needed about contracts, if applicable, between the local authority and external suppliers (e.g. global gas and electrical contracts). Does the Academy Trust wish these to be transferred by the local authority to the Academy Trust? If so, then these should be mentioned in any agreement reached with the local authority relating to the transfer assets/property of the local authority.

5 Insurance

- 5.01 Buildings insurance will need to be in place in the school name up until the last day as a maintained school. The academy will need to make alternative buildings insurance arrangements and it is imperative that a converting school is insured from midnight of the date of conversion so that there is continuity of cover.

The main types of insurance cover to be arranged are:

- Premises and contents (these should be insured at replacement cost against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks;
- Business interruption;
- Employer's liability and public liability insurance and
- Any statutory motor transport insurance.

NB. This note does NOT deal with insurance schemes for staff absence through sickness etc., which is not regarded as insurance in the same way as the risks set out above. Academies receive funding for such insurance in their formulaic General Annual Grant, not as additional reimbursement, and must decide for themselves whether to take out absence insurance or cover their own risk.

Please see the DfE guidance on Academies risk protection arrangement (RPA).

6 Voluntary Funds

- 6.01 By no later than the first working day as an academy any existing school unofficial accounts under the umbrella of the OCC Banking contract with Lloyds will need to be administered by Lloyds outside of the OCC banking contract.
- 6.02 Unofficial funds accounts (not on SAP) will need to be produced up to the day of conversion and audited in line with normal year-end accounting requirements.

7 Other Funds

- 7.01 All devolved non-delegated funds that the school was previously responsible for managing but will no longer be the responsibility of the academy must be returned in full to the Local Authority.

8 Other issues

- 8.01 The governors will need to notify the Information Commissioner's Office (ICO) in writing that the academy is opening and will now be responsible for processing personnel and pupil data (failure to do so is a criminal offence). The information provided will be added to the Information Commissioner's register which is available to the public. Further guidance can be found here:

<https://ico.org.uk/>

- 8.02 The converting school will need to ensure that financial records are retained for the last full six years and the financial year to the date of conversion. The list of documents that need to be kept for each year are shown below:

List 1: Documents which should be kept for the current and previous six financial years

1. Budget formula papers showing allocations, pupil numbers and forward planning data. This includes papers on Standards Fund

- Grants showing amounts given under each grant and the accompanying papers describing the legitimate use of the Grants.
2. Copies of all letters and schedules from the LA that give details of increases/decreases to the fund, which are received during the year.
 3. Copy of signed budget.
 4. Copy of all subsequent, revised budgets.
 5. Copy of papers relating to all versions of the budget, showing which budget allocations should be included in which cost centres in SAP.
 6. Copy of final formula allocations papers, which are usually issued in February prior to financial year.
 7. Copy of the local carry forward pro-forma that is completed in school, and sent in to the Local Authority.
 8. Copy of published carry forward figures.

List 2: Other documents to be retained

1. Original demands for rates payments, invoices, orders, and suppliers' statements for the current and previous six financial years.
2. Originals of bank statements for all accounts (not just official funds), for the current and previous six financial years.
3. Staffing printouts – keep printout for the current and previous six financial years, and keep printouts for every month for all “open” financial years. Any other documents as prescribed by the Financial Manual of Guidance – the Manual itself should also be readily available.

E. Timetables

CONVERTING SCHOOLS - FINANCIAL THINGS TO DO LIST (pre conversion)

Activity	By when	Action	Owner
Set up a bank account for the newly-formed Academy Trust	As soon as the Academy Trust has been set up		
Provide new bank account details to the EFA and Local Authority so that a vendor can be created	As soon as new account is open		
Arrange new insurance cover for buildings, employer's liability and public liability	Cover to be effective from midnight of the day of conversion		
Contact all service contractors if contracts are to be	As soon as the Academy Trust has		

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extended to the academy	been set up		
Arrange for final day meter readings for all utilities and service contracts (i.e. photocopying)	Ensure all meter readings are made on the last day as a maintained school		
Approve and submit to the Local Authority payroll provider all final supply staff, casual staff and overtime claims incurred by the school	By the last day as a maintained school		
Complete and submit any valid staff sickness/absence claims for absences up to the last day as a maintained school	By the last day as a maintained school		
Complete the school's final payroll reconciliation	By the last day as a maintained school		
Ensure that SAP purchase orders are only raised when goods and services will be received prior to the conversion date	Within one month prior to the conversion date		
Cancel all orders raised in SAP if goods will not be received prior to the conversion date	Within one month prior to the conversion date		
Review and cancel all purchase order commitments that are no longer valid on SAP	Within one month prior to the conversion date		
Cancel, clear, close all remaining orders on SAP	By the last day as a maintained school and first day as an academy		
Ensure all income received up to the date of conversion is recorded and banked	By the last day as a maintained school		
Ensure all invoices for lettings and services provided prior to conversion are issued	By no later than one week before the last day as a maintained school		
Ensure all outstanding invoices and debts are chased for payment	By the last day as a maintained school		
Proactively chase any outstanding cheques issued from the Local Expenditure Bank account.	Within one month prior to the conversion date		
Process final Local Expenditure Bank account transactions for goods/services	By the last day as a maintained school		

received/provided prior to conversion			
Cancel all direct debits from the Local Expenditure Bank account once all payments relating to pre conversion services have been made	By the last day as a maintained school or within the 3 months transfer date		
Complete a reconciliation of the Local Expenditure Bank account and post entries to SAP	By the last day as a maintained school		
Ensure that Government Procurement cards are only used for goods/services received prior to conversion	Within one month prior to the conversion date and no later than 7 days before conversion		
Complete a reconciliation of the Government Procurement card statements	Statements available from 26 th of each month. Reconcile by the last day as a maintained school		
Ensure all Government Procurement cards are securely destroyed	By the last day as a maintained school		
Process all authorised petty cash claims for all goods/services received prior to conversion	By the last day as a maintained school		
Complete a reconciliation of petty cash and credit any final balance to the County Main Fund Account using cash receipting	By the last day as a maintained school		
Download all financial reports available on ESS Lite. Where a report relies on financial information, it is also crucial to run the report before payroll suspend the service in order to run their own monthly reports as the information is not available during this period.	Normally around 23 rd / 24 th of the month prior to conversion.		

CONVERTING SCHOOLS - FINANCIAL THINGS TO DO LIST (post conversion)

Activity	By when	Action	Owner
Send to the local authority all invoices for all pre conversion SAP orders where goods and	Within one month of the conversion date	Goods receipted invoices to be approved for	

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services have been received prior to the date of conversion		payment and then sent to the local authority's Schools Finance Support Team for processing	
Send all non-order invoices for utilities and service contracts charges incurred pre conversion to the local authority	Within the three month transfer date after academy conversion	Invoices to be approved for payment and then sent to the local authority's Schools Finance Support Team for processing	
Review and <i>cancel all</i> outstanding cheques on the Local Expenditure Bank account	No later than 10 weeks after conversion		
Cancel all direct debits from the Local Expenditure Bank account once all payments relating to pre conversion services have been made	Within the three month transfer date after academy conversion		
Provide a final reconciliation of the Local Expenditure Bank account to the LA Banking Services Manager	Within the three month transfer date after academy conversion		
Provide confirmation to the LA Banking Services Manager that all Government Procurement Cards have been securely destroyed	Within the three month transfer date after academy conversion		
Ensure that no reimbursements are made from petty cash for goods/services purchased after the conversion date	The first day as an academy		
Notify Lloyds of any school unofficial accounts that will now fall outside of the OCC banking contract with Lloyds	The first day as an academy		
Ensure that unofficial funds (those not held on SAP) are audited up to the date of conversion	Within six months of the academy conversion		

ACADEMIES - FINANCIAL THINGS TO DO LIST (post conversion)

Activity	By when	Action	Owner
Appoint a Responsible Officer	During the first term of academy status		

Ensure new internal financial procedures are adopted	From first day of academy status		
Start using the new academy accounting for all academy transactions	From first day of academy status		
Commence regular reconciliations of the academy bank account	On receipt of bank statements		
Commence monthly academy payroll reconciliations	Within 2 days of month end and no later than 5 working days after salary payment dates		
Agree the transfer balance of the pre conversion school account	Within the three month transfer date after academy conversion		
Ensure that a quarterly review is completed by the Responsible Officer	Three months after the conversion date and quarterly thereafter		

For further information, please refer to the Academies Financial Handbook 2015 (<https://www.gov.uk/government/publications/academies-financial-handbook-2015>).