

The Changing Shape of Academies

Which model would you go for?

Academies have rarely been out of the headlines since the Academies Act was rushed through parliament in July 2010. This enabled an increasing number of schools to become academies through becoming a standalone legal entity. However, for a number of schools the governors decided that the new freedoms and increased level of funding did not outweigh the additional costs and associated risks.

However, these schools are beginning to look again as the benefits of being an academy begin to crystallise and in some parts of the country the local authorities are actively advising schools to convert. This article looks at the different structures being adopted by schools which may be applicable to schools not wishing to go it alone.

Standalone Academy

The traditional route has been for schools to become a standalone charitable company limited by guarantee. As such they need to comply with both charity and company law. This includes producing audited accounts each year. The academies need to deal with a raft of changes with regards to how the school operates in terms of finance and governance, plus will often want to renegotiate or source supplies and services from different providers. Schools often feel that they may not have the resources or support to deal with these changes.

Multi-Academy Trust

Some schools have opted to become an academy via a multi-academy trust. This is one single legal entity in which there are numerous schools. These may be schools which are geographically close to each other or schools with a similar ethos. Commonly we see a high school together with a couple of local primary schools. As one legal entity only one set of audited accounts is produced for the combined entity as opposed to each school individually. In addition all the changes can be managed centrally allowing the individual schools to concentrate on the provision of education. Schools however may have less freedom as they may have to comply with decisions made centrally. To some extent they may feel as if they are losing their individual identity. In addition part of their funding would need to go to cover the central costs.

An Umbrella Trust

An alternative model is an umbrella trust whereby there are a number of standalone academies sitting underneath a separate trust which provides guidance and support. This is in terms of the conversion process as well as operationally post conversion. This model has been favoured by faith groups whereby they can ensure that their ethos is maintained within the schools. This is achieved through trustees of the umbrella trust also being governors of the individual academies. Likewise the academies articles of associations may be standardised and include specific clauses in terms of how the academy operates. The extent that the umbrella trust provides support or pools resources tends to differ as does the costs associated with this. As the academies are standalone legal entities they will be required to produce separate audited accounts each year.

Collaborative Partnership

Both the multi- academy and umbrella trust models provide strength in numbers, however, are not necessarily required in order to achieve the support schools feel that they may need. Schools may instead enter into a collaborative partnership with other local schools to support each other, share resources and increase their individual buying power. Schools may already have existing informal arrangements with other schools who are considering academy status with whom they can work together.

Which model is for you?

Each of the models have advantages and disadvantages, but they all show how schools can work together to achieve academy status. Which model is chosen will depend on a schools individual circumstances and the ability to join or create that model in a particular area. Streets currently work with a number of academies at different stages of the conversion process using a variety of different models.

For further guidance on different models and other services please go our dedicated academy website www.accountants4academies.co.uk. Alternatively please call 0845 880 0320 to arrange a free of charge meeting with one of our advisors.