



A NEW SCHOOL OF  
THOUGHT....

# SEMINAR SPEAKERS

Howes Percival LLP

■ **“Academy Conversion Overview”**

Nathan Horton, Nicola Curle

Larking Gowen

■ **“Financial Responsibilities of an Academy Trust”**

Giles Kerkham, Statutory Auditor, Not for Profit and Education Team

Lloyds Bank

■ **“Key Points when choosing your Banking Partner”**

Kristy Taylor, Education Relationship Manager, East England

The HEART Education Trust

■ **“Day in a Life of a MAT”**

Christina Kenna, CEO, The HEART Education Trust





# HOWES PERCIVAL LLP

## Academy Conversion Overview

Nathan Horton (Partner)  
Nicola Curle (Director)

# WHAT IS AN ACADEMY?



## General overview of an Academy:

- An Academy Trust (AT) is a charitable company limited by guarantee.
- It must have at least three Members (those people who establish the AT). In law, the Members are the owners.
- The Members shall attend and vote at general meetings of the AT and be responsible for appointing the AT's Board of Directors, appointing the auditors and approving the accounts.
- The Board of Directors manage the AT.
- PLEASE NOTE the terminology used in the legislation and model documentation is confusing: TRUSTEES = DIRECTORS.
- Sub-committees can be created (e.g. finance, curriculum) which have delegated powers and report to the Trustees. For a sub-committee to be quorate, there must be a majority of Trustees sitting on the sub-committee.



# POSSIBLE STRUCTURES:



- **The D f E recognise four possible structures for academies:**
  - Single Academy;
  - Umbrella Trust;
  - Multi Academy Trust; and
  - Collaborative Trust
- **Current policy encourages Multi Academy Trusts (MATs) for groups of schools wishing to convert together.**



# POSSIBLE STRUCTURES: MULTI ACADEMY TRUST MODEL



- **Appropriate where a group of schools want to convert together.**
- **All schools convert to Academies as part of one Multi Academy Trust (MAT).**
- **The MAT has a master funding agreement with the Secretary of State and a supplementary funding agreement for each Academy.**
- **The Trustees of the MAT normally set up a local governing body for each Academy, to which it can delegate some matters.**
- **Control always remains with the central Trustees of the MAT.**



# CONVERSION PROCESS (FOR A MAT)



- **Stage 1 - Registration**
- **Stage 2 - Application / Pre-Approval Checks**
- **Stage 3 - Completion of Legal Formalities:**
  - Draft Memorandum and Articles of Association and submit to D f E contact for approval by the Secretary of State.
  - Draft Master Funding Agreement and Supplemental Funding Agreements.
  - The MAT is created and registered with the Registrar of Companies.
  - Deal with the lease or transfer of the land.
  - Draft the Commercial Transfer Agreement which transfer all of the assets and contracts from the schools to the MAT.
  - Ensure the employees transfer to the MAT.
  - Prepare Deeds of Novation to transfer existing contracts.
- **Stage 4 - Final Preparation**



# JOINING AN EXISTING MAT?



- **Pros**

- Established structure
- Governance
- Finance
- School Improvement

- **Cons**

- Restrictive Governance
- Systems and Practices
- Lack of Change management influence
- Service Choice/Contracts





# CHANGING LANDSCAPE



## Education & Adoption Bill

**Aim to speed up sponsored academies process for failing Schools and to identify, challenge and support ‘coasting’ Schools;**

**Regional Schools Commissioner (RSC) takes the role of the Secretary of State (SoS) to assess School: requires credible plan to improve sufficiently**

**Warning Notices apply, compliance period, and if failed to comply School becomes ‘eligible for intervention’**

**Schools: SoS must make an Academy Order for ‘inadequate’ Schools but has discretion whether to make an Academy Order for ‘coasting’ Schools**

**Academies: RSC may consult about terminating the school’s Academy arrangements or making alternative Academy arrangements.**

**Appointing a ‘suitable’ Academy sponsor**



# Financial responsibilities in academies - what changes?

Giles Kerkham

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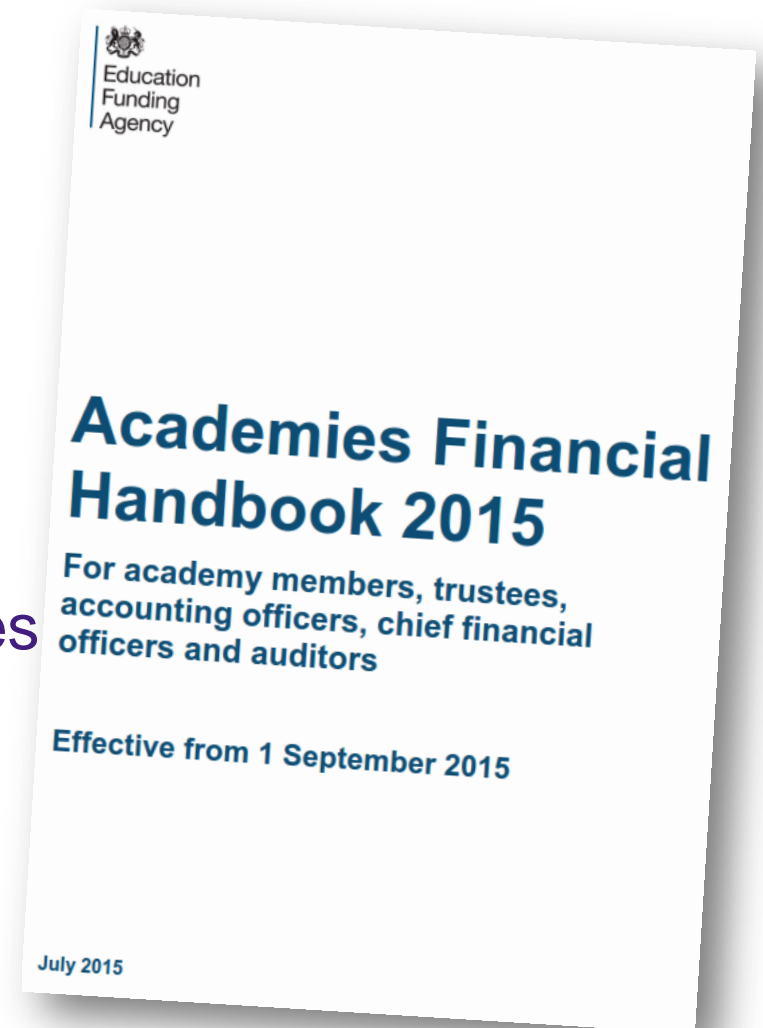
# Agenda

- The framework
- Elements of control
- Regularity and propriety
- Transparency
- MATs
- Preparing for transition



# The Academy financial framework

- Company law
- Charity law
- Funding agreement
- Articles of Association
- Academies Financial Handbook
- Annual Accounts Direction (includes Coketown)
- HM Treasury: Managing Public Money; Regularity, Propriety and VFM



# Elements of financial control

- Scheme of Delegation
- 'Balanced budget' and monthly management accounts
- Internal financial controls
- Process of independent checks on financial systems
- Risk and reserves policies
- Professional advice



# Regularity and propriety

- Exceptions reported in annual accounts
- Connected party transactions
- When EFA become concerned...



**Review of financial  
management and  
governance at**

# Transparency



# Transparency

## Website

- Annual accounts
- Governance arrangements incl.
  - Governor attendance records
  - Interests of members, trustees and local governors

## Annual accounts

- A beast!
  - funds analysis
- External audit
- 31/8 year end - complete by 31/12
- Management letter to EFA
- Discloses
  - Severance payments
  - Compensation payments
  - Staff governor remuneration
  - Reserves policy



# MATs

- Delegated budgets
- Increases the challenge of control
- Options
- Efficiencies
  - Central functions
  - Purchasing

# Prepare

- Big changes – particularly for the Business Manager
- Appoint professional advisers early
  - Take references
  - Consider sector experience
  - Year round availability
- Create a network
  - Colleagues in other schools
  - Auditor
  - Solicitor
- Dates in diaries

# Please contact:

*[giles.kerkham@larking-gowen.co.uk](mailto:giles.kerkham@larking-gowen.co.uk)*

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## BUILDING STRONG RELATIONSHIPS WITHIN THE EDUCATION SECTOR

65%

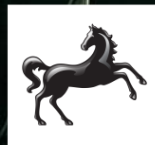
of all Academies have  
chosen to bank with  
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You asked for...



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# YOUR REQUIREMENTS FROM YOUR BANKING PARTNER YOU SAID...

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**“Locally-based, Sector-experienced Relationship Team,  
with named points of contact”**



**“Cost-efficient, flexible banking”**  
**“A bank that makes account opening easy”**  
**“Secure online platform”**  
**“Ease of payments via BACS, CHAPS / FP, and Cards”**



**“Maximising returns on our surplus balances, within the  
Schools credit policy”**



**“Any other ideas you have to assist”**





## “Locally-based, Sector-experienced Relationship Team, with named points of contact”

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- Will you have a named Relationship-Manager?
- Where are they based? Are they an Education-Specialist?
- Is the Relationship face-to-face or telephonic?
- Will you have direct contact numbers?
- How are they Supported? Group or named Individual?
- Sector knowledge / experience.



**“Cost-efficient, flexible banking”**

**“A bank that makes account opening easy”**

**“Secure online platform”**

**“Ease of payments via BACS, CHAPS / FP, and Cards”**

- Account opening: requirements vary significantly.
- Transaction charges: Free vs. ‘Welcome handshake’ vs. Full business charges
- Online Banking: Secure; Easy-to-use
- Simple payment processes; Payment limits

### **Other considerations**

- Purchasing cards: most secure method for online / telephone purchases
- Cash collection
- Electronic payments from Parents



## **“Maximising returns on our surplus balances, within the Schools credit policy”**

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- Do you have a deposit / investment policy? Your Bank should be able to assist if not.
- Keep it simple.
- What are the latest rates?
- What is the Banks credit-rating?
- If something looks too good to be true, it probably is...



## “Any other ideas you have to assist”

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- Discounted 1<sup>st</sup> year fees for new users



- 1-in-28 cars in the UK belong to Lloyds. Discounted personal leasing vehicles for School colleagues.



- Working with Arthur J Gallacher to enhance cover / reduce premiums / both.
- Alternative or alongside the RPA.



- Career Fairs
- Banking / Finance presentations & teaching; School-to-Work programme



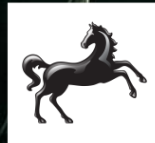
- Annual donation by Lloyds for charitable benefit. C. 1/3 for students scholarships.
- Lloyds is one of the UK's biggest Apprenticeship employers.

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# In Summary



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# YOUR REQUIREMENTS FROM YOUR BANKING PARTNER YOU SAID...

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**“Locally-based, Sector-experienced Relationship Team,  
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**“Maximising returns on our surplus balances, within your  
credit policy”**



**“Any other ideas you have to assist”**

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your time**



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**HEART**  
EDUCATION TRUST

# Life After Conversion for a Multi Academy Trust

**SPEAKER: CHRISTINA KENNA (CEO)**

**23<sup>RD</sup> FEBRUARY 2016**

# About The HEART Education Trust

- Multi-academy trust established in April 2013
- Recently expanded to second school (Lingwood Primary)
- Academy Orders for two further schools to join by June this year

# Setting up as a MAT Vs Joining an existing MAT: The Practical Differences



Set up as a MAT



Joined an existing MAT

# Joining a MAT – The Advantages

- Trust appointed Project Manager to support conversion
- No responsibility for filing returns
- Reduced responsibility for writing / reviewing policies
- No responsibility for recruiting and retaining Directors
- Operational support from day one
- Benefits felt earlier: CPD, economies of scale, academy improvement
- Support for school improvement and opportunities for staff career progression

## Joining a MAT – What you should know

- Do your homework – different MATs offer different things
- What will the MAT do for you?
- What will be the role of the governing body/headteacher?
- STPCD/Burgundy & Green Books
- What % will you pay to the MAT – what do you receive in return?
- What level of autonomy will the newly converted academy have?
- How large is the MAT now and what are its plans for development?
- Who are the Members, Directors etc?

# Setting Up as a MAT

## Additional Responsibilities:

- Audited Accounts and Accounts Return
- Company Annual Return
- EFA Budget Forecast Return
- Recruiting Members, Directors and Local Governing Body members
- Additional operational matters (e.g. payroll, branding, finance, HR)
- Accounting Officer
- Policies (HR, Risk, H&S, Finance)

# Key Decisions for a new MAT

- How much of your academies' GAG funding will you top slice and what services will you provide?
- Will you centralise operational functions? (e.g. finance, HR)
- From where will you source Members, Directors and Local Governing Body members?
- How will you prepare your CEO/Directors for the demands of the roles
- How will you attract other academies to your trust?
- How will you improve / develop your academies?



## **Setting up a MAT is not:**

- Easy
- A couple of academies working together
- An extension of the LLE /System Leader Role

## **Setting up a MAT is:**

- Hard Work
- A huge responsibility
- A complete change to the role of Headteacher
- An opportunity to make a difference on a wide scale
- Hugely rewarding

**Setting up a MAT means** your newly formed MAT is fully accountable for ALL of the academies in the MAT – performance, finances, HR, Health and Safety, staffing, pupils

# Taking the Step from Headteacher to CEO and Executive Headteacher

- Balancing the roles
- Your relationship with your current school
- Developing your Headteachers
- Your office
- Your Board of Directors
- Business Development
- Sustaining progress across all of your academies



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