

Welcome to Focus On... our special quarterly bulletin looking at issues relevant to particular sectors and topics of interest.

In April's Focus On... Education, we look at how a scheme offering £25,000 grants to primary schools seeking to convert to academy status has been extended. Meanwhile, new figures show that academies are performing well on financial management and governance, but there is still room for improvement in other areas. We also look at how a new deal between the Department for Education and the Copyright Licensing Agency could lead to significant savings for academies. Finally, we highlight how we can help governors better understand their roles and responsibilities, following the publication of a new report by the Academies Commission.

If you would like to discuss any aspect of our specialist audit and accountancy services for schools, please contact Emma Murray, Audit and Compliance Partner at Nicholsons, at emma.murray@nicholsonsca.co.uk or phone 0845 27 66 555.

Extra £25,000 grant still on offer

Primary schools converting to academy status as certain types of academy chain still have time to seek extra grant funding.

The Primary Chains Grant scheme, launched by the Department for Education in July 2012, offers a £25,000 grant to each school in the chain – which must be made up of at least three schools – and the chain itself will receive a further £25,000.

The scheme was originally due to close on 31 December 2012, but has since been extended to 30 June 2013. According to the department, "strong chains of three or more academies can help drive up standards and provide opportunities for increased collaborative working among schools".

To qualify for the grant, there must be three or more primary schools intending to join the chain, the chain must intend to use either the multi-academy trust or umbrella trust model and at least one school must also meet the performing well criteria for converting schools.

At Nicholsons, our academies specialists can provide all the expertise schools need to prepare for, and go through, the process of conversion to academies, along with ongoing advice and services to support academies in managing their own budgets and making the best use of their new financial freedoms.

For more information on Primary Chain Grants, or to find out more about our services for academies, please contact us.



Academies doing well on finance

Academies are performing well on financial management and governance, according to a new National Audit Office (NAO) report – but oversight and risk management processes may need to change as the sector continues to grow.

While the NAO report revealed that a ten-fold increase in academies since 2010 had cost the Department for Education an extra £1 billion, it also examined wider issues, including the financial management and governance of academies and the sector's oversight and accountability regime.

It said that 99% of the almost 400 academies surveyed were confident they had sufficient budgeting and financial management expertise. The survey also suggested most academies were complying with good practice in financial governance.

The fact that most schools converting to academy status had been rated outstanding or good had managed the risk of schools converting with

underlying financial or performance issues or being unable to cope with academy status, the NAO said.

However, it concluded: "The widening of conversion criteria has meant that the proportion of applicants rated only 'satisfactory' (a grade now replaced by 'requires improvement') has risen from under 5% in 2010 to 22% in 2012.

"Future applications may therefore involve more complex financial, governance and performance issues, and the Department's assessment process will need to remain sufficiently robust."

It added that future applicants for academy status may require more in-depth assessment and support to manage potential risks.

The NAO also found that many academies experienced cost increases or decreases on conversion. Its survey found that in 10 out of 15 key areas of expenditure, the number of respondents

reporting an increase in costs outweighed those who saw a decrease, substantially in some cases.

It said higher costs might be due to losing economies of scale previously provided through local authority group purchasing, although there might also be opportunities to reduce costs, through negotiating with a wider range of suppliers.

But some academies' costs had increased as a result of policy decisions. Of the schools surveyed which had seen costs relating to accountancy or finance staff and services rise, a quarter (24%) had chosen to pay more for higher quality and a third (33%) had decided to increase capacity or usage.

As the academies sector continues to evolve and grow, expert professional advice can be crucial in supporting academies with changing financial management requirements, risk controls and cost savings. For more information on how the team at Nicholsons can help, please contact us.

New deal has copyright covered

Following an agreement between the Department of Education (DfE) and the Copyright Licensing Agency (CLA), the DfE will manage the copyright licences for content in books, journals, magazines and printed music from April 2013 – producing significant savings for academies.

Academy schools currently need to purchase these licences themselves, meaning they have to deal with the cost and administration of services that were previously dealt with by local authorities.

However, when the three-year deal starts, the DfE will pay a single fee to cover all schools and academies in England, with expected savings of around £1.6 million in 2013-14, rising to up to £6 million as more schools become academies.

"We are committed to reducing costs and red tape for schools," said Schools Minister David Laws. "This new licence will free up schools' time and help make sure they can spend more money on the frontline instead of back office administrative costs."

The only licences covered by this arrangement are the current CLA licence and the new Music Publishers Association (MPA) licence which will cover the copying and distribution of sheet music. These are compulsory for schools and there is no way to opt out of the single licence.

While this licence does not apply to activities covered by licences from the Educational Recording Agency, the DfE is working to identify

any other licences that can also be managed centrally in the future.

The DfE stresses that it is not its intention that there should be recharging of schools or academies, rather the funding for these licences should be held centrally by local authorities.

While the DfE will administer the licences, each academy or school remains as a licensee, and is therefore responsible for ensuring that its staff adhere to the terms and conditions of the licence.

At Nicholsons, our specialists can help academies make the most of their budgets, so they can spend them on the educational issues that really matter. Please contact us for more information and guidance.

Academy governors: could do better?

A new report has highlighted the crucial role of governors in academies – and says action is needed to help them better respond to the challenges involved.

The independent Academies Commission, set up by the RSA and the Pearson Think Tank, published its Unleashing Greatness: Getting the best from an academised system report earlier this year.

While some academies found that conversion had reinvigorated their governing bodies, many were

continuing "largely as they were" post-conversion.

Consequently, the report highlighted the potential risks arising from:

- The lack of understanding among some governors about their new responsibilities as company directors for school improvement
- Too few governors or potential governors with the necessary time and expertise to do the job properly

At Nicholsons, we are experienced in working with academies and are ideally placed to assist governors in understanding their role and responsibilities, including in terms of financial governance.

Our support can help governing bodies build capacity and confidence in dealing with what can be a multi-million pound business, and help it to operate effectively and drive improvement. For more information, please contact us.

t: 0845 2766555

f: 0845 2766559