



Welcome to Focus On... Education, our special bulletin looking at interesting topical issues and developments in this sector.

In the Spring Focus On... Education, we open by examining George Osborne's declaration of compulsory Academy status for all schools by 2020. We also learn how E-ACT academy chain's governance changes will bring about the end of local governing bodies and consider VAT issues facing schools during the conversion process into academies and MATs. We close with a highlight of the Multi-Academy Trust (MAT) services offered by Nicholsons.

If you would like to discuss any aspect of our specialist audit and accountancy services for schools and academies, including Multi-Academy Trusts (MATs), please contact Emma Murray, Head of Nicholsons' Academy Team, at emma.murray@nicholsonsca.co.uk or telephone **01522 815100**. John Raynor, Associate, will also be pleased to assist with any of your queries and is contactable at John.Raynor@nicholsonsca.co.uk or on **01522 815100**.

George Osborne: 'All British schools must become Academies by 2020'

George Osborne's March 2016 Budget announcement spells the end for schools as most pupils and teachers know and remember them:

from 2020, they all must become academies or have in place an official academy order for change of status by 2022. If any remaining schools fail

to demonstrate that they will meet the deadline, measures to enforce compliance will be taken.

The move to academy status will mean that, throughout the UK, all ties with local authority control in all its forms will be cut and schools will be able to set their own operating rules without external involvement.

This widely-anticipated move will cause a major upheaval, and has been described as 'the biggest change to comprehensive public education in 50 years'. It will alter the lives (and times – schooldays are set to last longer too) of pupils, teachers and governors across the land. There will be complex financial consequences before and after conversion, the effect of which will be to place budgets and operational control in the hands of the school head teacher. Mr Osborne believes the transition is essential to counter the slide in Britain's placing in worldwide education tables.



VAT issues for academies undergoing the conversion process

George Osborne's academy conversion plans have already led to an increase in converting schools joining Multi-Academy Trusts (MATs).

A key issue for them to consider is MAT VAT. Academies can receive VAT refunds for expenditure related to their non-business activities – almost all of their education provision. Refunds can be obtained

through VAT registration and return submission, or by submitting a VAT 126 refund claim.

Many individual academies did not register for VAT (having taxable turnovers below the £83,000 p.a. threshold) and submitted a refund claim, but this will not be possible on joining a MAT as a combined taxable turnover will be used for VAT assessment

purposes – and the MAT itself must process VAT claims as the responsible legal entity.

A Public Bodies Enquiries Team at HMRC recently confirmed that, in future, all MATs must submit a single VAT claim on behalf of all their schools; any individual claim will be rejected and returned, and a penalty may possibly be payable.

E-ACT academy chain sparks abolition of local governing bodies

Britain's National Governors' Association (NGA) has recently welcomed academy chain E-ACT's decision to publicise its plans to scrap local governing bodies – and its boss indicates that other trusts have effectively already done the same thing but have not been equally open about it.

E-ACT – which has 23 English schools – revealed plans to scrap its local governing bodies (LGBs) in favour of 'academy ambassadorial advisory bodies', thereby creating a single central governing body to cover the chain's 23 schools.

E-ACT's ambassadorial advisory body will oversee budgets and employment of senior staff. New 'academy advisory bodies' will deal with individual school issues like 'interfacing with the community' and 'celebrating the academy's achievements'.

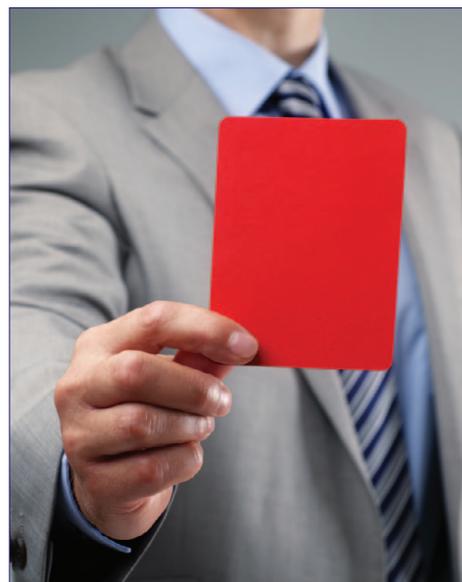
NGA Chief Executive Emma Knights believes multi-academy trusts (MATs that appoint one board to govern more than one school) 'can be effectively run' as 'there is no need for a governing body for

each unit'. She stated that other academy trusts have quietly scaled down their LGBs' roles and went on to recommend honesty in this decision-making process.

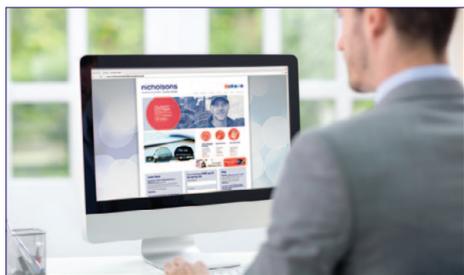
Ms Knights advised that MAT boards may decide which responsibilities they delegate to academy level, and that capturing exact detail at the start of the process was crucial to promote good communication and avoid confusion and misdirection at all levels, from pupil through teacher to parents and carers.

E-ACT governors will be invited to move to the new governing bodies, which will be required to have two parent "academy ambassadors" elected from the parent body, but the proposed structural changes are not popular with the volunteers.

The DfE said trusts are responsible for ensuring strong governance of their schools, and confirmed they can delegate duties as they choose to local governing bodies, but this does not transfer their ultimate responsibility for actions taken.



Nicholsons Multi-Academy Trust (MAT) services



If you are a school seeking to convert to Academy status following the March 2016 Budget announcements, or are already an established academy considering becoming part of a Multi-Academy Trust (MAT), Nicholsons' experienced team is well versed in the complexities of setting up MATs.

Our specialists can advise you on deciding on your MAT structure and governance and can offer essential assistance on meeting the onerous MAT

reporting requirements and on evaluating funding options to identify which is most suitable.

The services we provide include:

- VAT services
- Accounts preparation
- Committee structure advice
- Financial software advice
- External and internal audits
- Central trust contributions advice

Spotlight on John Raynor



John Raynor

John has been providing help and guidance to academies since 2008. He provided the support that some of the first schools in Lincolnshire which underwent conversion needed to become fully compliant with the many academy regulations imposed on them.

John derives great satisfaction from helping

schools achieve a smooth transition to academy or Multi-Academy Trust (MAT) status and from managing their ongoing financial administration. His experience has been that academies find the conversion process challenging, especially during the early stages when the impact of the significant day to day financial and management changes quickly becomes apparent.

Nearly a decade of exposure to the conversion process has honed John's expertise in both single academy and MAT administration and he has been able to share his knowledge and practical experience with finance managers and teams within the academies and MATs with which Nicholsons works so they are able to run efficiently and in full compliance with governance requirements.

John's aim is to work alongside single academies and MATs to provide them with training that enables a robust accounts team to stand alone and meet all of the Department of Education's financial requirements. John tailors his approach on assessed training needs, meaning that only the required amount of time is spent with an academy.

John says: "I have worked with numerous schools converting to academies and with multiple MATs in Lincolnshire. All these institutions have common needs, but they are all completely individual in character and I genuinely enjoy every element of my engagement with them, from the start of the conversion process to signing off the project, secure in the knowledge that they will be able to manage their own affairs."

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