

There is a huge risk that the additional funding academies receive will not cover the extra costs of obtaining services currently provided by LAs. The current funding system for academies is also under review. Proposals to convert to academy status may be even more of a risk than their supporters understand.

ACADEMIES THE FACTS FUNDING

IS IT TRUE THAT ACADEMIES GET MORE MONEY THAN OTHER SCHOOLS?

The Government says that *“becoming an academy should not bring about a financial advantage or disadvantage to a school”*. The Government has said that the changes planned to academy funding will seek to ensure this.

Academies receive annual funding for their running costs based on the local authority funding formula for schools. They also receive an additional grant in respect of the LA’s spending on services to schools.

Academies still need these services. They will not necessarily be better off, because these services may cost them as much or more, whether they buy them from LAs or elsewhere.

Academies may not benefit from the economies of scale that the LA can offer.

Academies are at the mercy of private companies currently offering loss-leader prices which could rise significantly in the future.

HOW MUCH DO ACADEMIES GET?

The DfE has published estimates that academies might get as much as 10 per cent extra funding per pupil. However, it has since admitted that those estimates included LAs’ spending on functions which they must continue to undertake for academies and schools alike.

The DfE has also acknowledged that academy funding will be reduced as a result of the Government’s cuts which are

leading LAs to cut spending on services to schools. The Government’s number one policy is cutting public spending – and it has been made clear that academies will not be exempt from this.

The DfE’s review of the funding system is likely to lead to cuts in additional funding for academies in future years. The DfE’s proposed move to a single funding formula for schools would probably mean in future that academies and LA schools are funded in exactly the same way.

WHAT'S THE EFFECT ON OTHER SCHOOLS?

Local authorities provide a wide range of services to schools. Every LA's funding is reduced to reflect the additional funding given to academies. This loss of funding may mean that LAs are no longer able to continue to provide the same level of service to other schools.

HOW MUCH WILL IT COST OUR SCHOOL TO BECOME AN ACADEMY?

The Government admits that its £25,000 grant to schools will not cover all the start-up costs - project management, consultancy, transitional staffing costs - and that schools will have to "devote some of their own resources" to becoming an academy. Some estimates show schools having to pay out up to £100,000 for these costs.

WHAT ABOUT SURPLUSES AND DEFICITS?

The DfE has refused some schools with large operating deficits permission to become academies. Deficits are in any case reimbursed to the LA by the DfE which then recoups the deficit from the academy. The YPLA, which monitors academy spending, will intervene and impose financial restructuring if any academy appears likely to run into deficit.

HOW DO ACADEMIES USE THEIR FUNDING?

"Not always wisely" appears to be the answer. The recent National Audit Office report on academies included a number of alarming findings about academies and funding:

- staff restructuring in academies has often involved complex legal work and has resulted in a negative impact on teaching and learning;
- pay flexibility has usually been exercised to the benefit of senior leaders - 50% more employees earn over £80,000 in academies than in schools;
- over a quarter of academies may require additional financial or managerial support to secure their longer-term financial health;
- many academies have been set up with underlying structural deficits which have had to be addressed;
- conflicts of interest have arisen where academy sponsors provide paid services to the academy; and
- academies have commonly over-estimated future pupil numbers, so that the DfE has clawed back over £4 million from 34 academies in 2009-10 alone.

WHAT CAN WE DO?

The best route to avoid these financial risks is for schools not to become academies. So we recommend the following:

- Pass the NUT model resolution in your school group and send a copy to your NUT division and your governing body. It is much better to get in early and not wait for someone on your governing body to propose academy status.
- If your governors do propose a consultation on academy status, get in touch with your NUT division urgently to discuss how to try to influence the governors.
- Use the list of questions available on the NUT website to challenge claims made about the future funding of the school as an academy.
- If your school does become an academy, the NUT can give you support and advice on how to protect your pay and conditions and the services that an academy uses.



For more information on academies, go to www.teachers.org.uk/academies.

You can find the NUT model resolution at www.teachers.org.uk/files/NUT-Model-Resolution.pdf