



ACADEMIES THE FACTS FUNDING

There is a huge risk that the additional funding academies currently receive will not cover the extra costs of obtaining services that were provided by local authorities (LAs). Funding for schools and academies is, in any case, under review. Proposals to convert to academy status may be even more of a risk than some governing bodies understand.

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"*.

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. They 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 suggests that academies might get £300-500 extra per pupil, as much as 10 per cent on top of the normal budget allocation. The DfE's "academies ready reckoner" gives estimates of the extra funding schools might receive as an academy. Many LAs have challenged these estimates, pointing out that they retain as little as 3 or 4 per cent of funding for services to schools.

The DfE has admitted its estimates include LA spending on functions which it must continue to undertake for academies and schools alike. The DfE is currently reviewing the funding system. This review 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 will probably mean in future that academies and LA schools will be 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?

Although schools which become academies can keep any surplus balances, the DfE has refused some schools with large operating deficits permission to become academies and others have had to agree plans to repay deficits from their overall funding.

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 have provided 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:

- Discuss and pass the NUT model resolution; inform your head and governing body of members' position regarding academies; inform your division/association secretary when you have passed the resolution.
- 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.
- 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 and the model resolution, go to www.teachers.org.uk/academies