



<u>Committee and Date</u>
Cabinet
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Proposal to approve the establishment of the Shropshire Education Trust (a Local Authority Facilitated Multi-Academy Trust)

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1. Summary

This report outlines initial progress in exploring the appetite for a school led Multi Academy Trust ("MAT") for Shropshire, the establishment of which is being facilitated by Shropshire Council with the aim of it becoming self-managing. For the purposes of this report we shall use the term Shropshire Education Trust to distinguish it from other forms of Trusts.

The Government is committed to ensuring that all schools become academies by 2022 and that they have an academy order in place by 2020. The government has expressed an expectation that local authorities will step away from school improvement by the end of August 2017.

The Government has reaffirmed its determination to see all schools become academies but has changed its path to reaching that goal from a mandatory requirement that all schools become academies by 2022 to giving all schools the choice to convert to academy status. The Government powers would direct schools to become academies in areas which are underperforming or where the Local Authority (LA) no longer has capacity to maintain schools.

Shropshire has a large proportion of LA maintained schools, and a number have approached the Local Authority to provide some strategic solutions. The LA cannot operate a MAT, but can facilitate and support a group of schools to do this which will ensure a managed and co-ordinated transition from LA maintained status to academy status for Headteachers and governors who choose to be part of it.

Other schools may choose to join one of the existing MATs in Shropshire, or develop their own. It is likely that over time most Shropshire schools will belong to one of a number of MATs.

The DfE and Schools Commissioners at national and regional levels are positive about Shropshire Council working with a group of schools to establish a MAT facilitated by the Council.

2. Recommendations

That Cabinet agrees:

- To support the development of the Shropshire Education Trust that will sit outside of the Local Authority
- That Members and trustees of the Shropshire Education Trust will include representation from the LA (capped at 19.99% under current legislation) and, if church schools are involved in the Shropshire Education Trust, representation from the Diocese
- To the appointment of Members and officers of the Shropshire Education Trust in order to progress matters
- To meet the initial start-up costs of the Shropshire Education Trust of up to £65,000 if the costs cannot be recovered in the event that the Trust is not viable.
- To note that further analysis in respect of the full extent of set up costs is underway, and that a follow up paper will be brought before Cabinet should additional set up costs be required in order to proceed to a proposal to the Regional Schools Commissioner

REPORT

3. Risk Assessment and Opportunities Appraisal

The risks associated with establishing the Shropshire Education Trust in the short term include the deflection of officers' focus from their day to day work of monitoring, challenging, supporting and intervening to secure school improvement. This may lead to a decline in provision and outcomes for pupils and a reduced proportion of good and better schools.

In the medium and long terms, the establishment of the Shropshire Education Trust will reduce the accountability of schools to the LA: the provision of the Shropshire Education Trust is likely to encourage school governors to convert to academy status earlier than they may otherwise have done and academies are directly accountable to the Secretary of State (SoS) for Education through the Regional Schools Commissioner (RSC).

There is, however, greater risk of reduced accountability and influence over the medium and long terms if the LA does not facilitate the establishment of

the Shropshire Education Trust. Governors are likely to respond to national policy by turning to other providers from within or outside of Shropshire and this may result in a disconnected collection of small MATs across the LA that will not achieve the flexibilities and economies of scale necessary to sustain good and better provision and outcomes for Shropshire pupils.

Opportunities associated with establishing the Shropshire Education Trust may include the retention of some of the expertise of officers who are currently employed in LA education support services. It will also provide the opportunity to establish a strong and cohesive network of academies to promote and ensure collaboration for sustained improvement of provision and outcomes for pupils. If large then the Shropshire Education Trust would have the economies and flexibilities of scale to either provide effective education support services, including school performance monitoring and school improvement, or to commission these services from local and trusted providers.

Establishing the Shropshire Education Trust will also provide a secure, structured, co-ordinated and managed transition from the current position to an academised system. It will reduce the risk of sporadic conversion within and across a wider range of small MATs from within and beyond Shropshire.

4. Financial Implications

The Department for Education (DfE) provides a grant of £25,000 to each school that converts to an academy. These grants can be used to meet the costs associated with conversion and the establishment of the Shropshire Education Trust. No additional financial costs to the Council are therefore anticipated. We anticipate that the full set up costs of the Trust will be recouped. We estimate that set up costs will be in the region of £200,000 to include a recruitment process for members, insurance, an accountable officer to provide leadership for the development of the Shropshire Education Trust and associated legal costs for the set up. Other in-kind resources such as financial analysis may be required until the Shropshire Education Trust has its own staff team in place.

A decision will need to be made to proceed or otherwise by 9 June 2017 based on the number of schools expressing an interest in joining the Shropshire Education Trust. The Regional Schools Commissioner (RSC) will need to endorse the proposal and issue Academy Conversion notices to all schools involved. In the event that a decision is made not to proceed or the proposal is not approved by the RSC, we anticipate that the maximum amount of unrecoverable costs will be no more than £65,000. £65,000 represents a worst-case scenario to Shropshire Council in the event that the Trust is not established, one-off unrecoverable costs that have been incurred by the Council are likely to be significantly less.

Whilst there may be financial issues for the Shropshire Education Trust to resolve, once it is established it will fall outside of the Local Authority's responsibility.

As schools convert to academy status Shropshire Council will receive reduced funding from the DfE through the Dedicated Schools Grant (DSG) and the Education Support Grant (ESG). If the LA establishes the Shropshire Education Trust then it will hold the funding for each of the schools within it. If the LA establishes the Shropshire Education Trust to include education support services currently provided by Shropshire Council, the LA will no longer incur the costs of providing these services.

The Council will continue to trade services to schools across Shropshire under its Inspire to Learn banner.

5. Background

A MAT is a not-for-profit company established to provide education through a number of academy schools. It is accountable to the Secretary of State for Education for the performance of its schools. A MAT receives funding for each of its schools using the LA formula and it is the employer of all staff, whichever academy they work within. The MAT leases the school land and buildings from the LA where these are local authority owned or may take a freehold transfer depending on who owns the school site at the time of conversion and it is responsible for organising and managing its academies for the benefit of pupils. Whilst some schools have converted to become stand-alone Academies, the expectation of the DfE is that schools will become part of a Multi Academy Trust ie that there is a single entity comprising of a number of Academy schools.

National education policy has included the promotion of academies since 2010. In March 2016 the White Paper (Education Excellence Everywhere) confirmed the Government's intention to force all schools to become academies within a MAT by 2022 and to have an academy order (AO) in place by 2020. The White Paper also confirmed the opportunity for local authorities to establish MATs to ensure that the expertise that currently exists within LAs is retained. The announcement by the Secretary of State for Education in May 2016 confirmed the government's commitment to a fully academised system of education and indicated broad criteria that may be used to intervene in schools and local authorities to achieve this outcome.

Local Authority officers have met with the Regional Schools Commissioner (RSC) for the West Midlands, who is supportive about Shropshire Council working with a group of schools to establish the Shropshire Education Trust. In 2016, 7 area meetings were held to challenge and support Headteachers and governors to be proactive in considering their response to national policy and to determine the future shape of education in Shropshire (slides attached at Appendix A). The appetite amongst schools to see the establishment of the Shropshire Education Trust was confirmed in each of these meetings. Further area meetings were held in October 2016 to update Headteacher and Governors on national policy and consider potential solutions (slides attached

at Appendix B). Headteachers and governors have responded positively to the possibility of the Shropshire Education Trust and Headteachers and governors from 30 schools have expressed an initial interest in joining the Shropshire Education Trust and yet more have indicated that they wish to know more about the proposal.

A Consultative Group was established in November 2016 and has been working with Local Authority officers to develop the vision, aims, ethos and governance of the Shropshire Education Trust. The prospectus (attached at Appendix C) has been circulated to all schools who have expressed an interest, and those LA maintained schools who are not already committed to a MAT.

Schools have been invited to a further meeting on 4th April 2017 to confirm the next steps to join the Shropshire Education Trust. We anticipate a proposal for the first phase of the development will be submitted to the RSC by the end of May.

Other key partners including existing MATs, single academies, the Diocese and the University Centre Shrewsbury have also indicated their willingness to work with the LA regarding the development of the Shrewsbury Education Trust.

6. Additional Information

Rationale and Aim for establishing the Shropshire Education Trust

The implementation of national education policy has resulted in an increasingly diverse approach to education across the country overall including in Shropshire. There are currently 152 schools and academies across the LA: 126 are maintained by the LA, 26 are academies and there is 1 free school. Shropshire has a very high proportion of small schools: 11 percent of schools have 50 or less pupils and a further 25 percent of schools have between 50 and 100 pupils. Overall smaller schools are more vulnerable financially and educationally.

Headteachers and governors of LA maintained schools are increasingly aware of the need to respond to government policy and many are concerned about the risk of losing their autonomy regarding matters relating to their school if they join a MAT.

There is a strategic need to support governors and Headteachers to undertake the transition from LA maintained status to academy status and the provision of the Shropshire Education Trust will provide a secure route to establish a strong partnership of schools.

The Shropshire Education Trust will enable the establishment of a cohesive and sustainable network of schools with a common aim to provide consistently good or better education for all pupils, including the most disadvantaged, to prepare them for the next phase of their lives and to increase their life chances.

The Structure of the Shropshire Education Trust

The Trust will need to be a self-sustaining legal entity which is registered as a charity with the Charities Commission. It will be responsible for managing its own affairs, with Trustees being accountable to the Secretary of State for Education through the Regional Schools Commissioner.

The structure of the Shropshire Education Trust has been determined through consultation with governors and Headteachers and is set out at Annex C. It is based on the following principles:

- There will be a single named accountable officer who leads the Shropshire Education Trust.
- There will be a single named accounting officer who is responsible for the financial management of the Shropshire Education Trust.
- Education support services will either be retained within the Shropshire Education Trust or commissioned from an external provider. The support services could trade beyond the Shropshire Education Trust.
- There will be a sliding Scheme of Delegation that provides differentiated levels of autonomy for Headteachers and governors relative to the quality of provision and outcomes at their school as determined through school performance monitoring procedures.

The Shropshire Education Trust intends to devolve 95% of its schools budget to Local Governing Committees where they demonstrate a sustainable approach to financial management. Support services such as HR, Payroll, ICT, Education Welfare will be commissioned by the Trust to ensure Head teachers can focus on leading teaching and learning.

Conclusion

The Government remains committed to establishing a fully academised education system by 2022. Shropshire currently has a very low proportion of academies compared to other Local Authority areas.

The establishment of the Shrewsbury Education Trust will provide a secure and managed process of transition for governors and Headteachers of LA maintained schools to academy status. It will create a cohesive and sustainable network of schools that will continue to benefit from the economies and flexibilities of scale that will be retained within a large MAT.

List of Background Papers (This MUST be completed for all reports, but does
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not include items containing exempt or confidential information)

Education Excellence Everywhere, DfE publication March 2016

Presentation from Area Meetings for Headteachers and Governors: The Future Shape of Education in Shropshire

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

All Members

Appendices

Appendix A: Slides from Area Meeting June 2016

Appendix B: Slides from Area Meeting October 2016

Appendix C: Prospectus