

Baxter & Co

Chartered Certified Accountants

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ACADEMIES NEWSLETTER – MAY 2016

PSCs.....MORE COMPLIANCE !

With effect from 6 April 2016 UK companies are required to hold a register of People with Significant Control ('PSC'). This register is additional to the existing statutory registers that have to be maintained, such as the register of directors and register of members. All academy trusts are UK companies and so are subject to these regulations. The regulations would also apply to any trading subsidiary companies.

From 30 June 2016, companies will need to declare this information when making their annual confirmation statement (previously annual return) to Companies House.

The regulations themselves and the official guidance thereon are voluminous, the main guide alone runs to 87 pages. We have therefore circulated with this newsletter our overview of the new requirements specifically covering what it means for academy trusts.

The good news (for most !) is that the register will have few, if any entries. Indeed if your trust has 4 or more **members** (as opposed to directors, trustees or governors) the register is likely only to require a statement that you have no PSCs, although there is a specific form of words that needs to be used which we have covered in our overview.

GROWTH OF MULTI ACADEMY TRUSTS

Despite the Government's recent reversal of its policy of full academisation, the number of academies continues to grow and this trend looks set to continue. More academies than ever before are now members of a MAT.

In many circumstances, the EFA see MATs as the best vehicle for school improvement and for greater cost efficiency. Many schools and academies are being encouraged to form or join MATs and an increasing proportion of new academy conversions now involve a MAT.

There are significant variations in how MATs operate. Most are however driven by school improvement and/or financial considerations. We are frequently asked to advise clients forming or joining a MAT and have jotted down for you some common features/considerations;

- All MATs are companies limited by guarantee and individual academy members have no separate legal identity. The MAT is the legal entity.
- The MAT will have members and a board of trustees, who are also the company's directors. The trust board may well be supported and supplemented by local governing bodies and committees but ultimate responsibility and decision-making power vests with the trustees.
- Most MATs will have a scheme of delegation to member academies but the actual content of each scheme varies from one trust to another. Some operate on a highly centralised basis while others adopt a more hands-off approach. Over time however we generally observe increased centralisation.
- Cost savings are generally achieved through more efficient use of staff – the argument here is that it may be easier and more cost-effective to recruit, train and retain 1 full time teacher rather than 2 or more part-time teachers.
- There are also economies of scale achievable as regards contractors and suppliers. MAT wide contracts for cleaning, catering, maintenance and yes, even audit (!) offer the opportunity for cost savings.
- The sharing of expertise and best practice is not exclusive to MATs but is generally easier to deliver within a MAT.
- Formula capital funding may be accessed by MATs that have five or more academies and more than 3,000 pupils.
- Against all of this, concerns are often expressed about dilution or loss of identity and ethos of an individual school or academy within a MAT.
- Financial arrangements such as top-slicing or intra-MAT charges can be an obstacle for a single academy or school joining a MAT.
- "Ownership" of reserves vests with the Mat, controlled by the trustees of the MAT. As trustees and directors, they are obliged to act in the best interests of the MAT as a whole. There may be circumstances where the interests of an individual academy may not coincide with those of the MAT as a whole.

Baxter & Co
Lynwood House, Crofton Road
Orpington, Kent BR6 8QE
Tel: 01689 877081
Fax: 01689 878420
Email: schools@baxter.co.uk

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