

Decision Report - Executive Decision

Forward Plan Reference: FP/23/06/04

Decision Date – 2 August 2023

Key Decision – YES



Academisation Finance Policy and Procedure

Executive Member(s): Lead Member for Children, Family and Education

Local Member(s) and Division: All

Lead Officer: Executive Director – Children, Family and Education

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Summary / Background

1. As a Council, Somerset Council is seeking to move to a more transparent and financially rigorous methodology for planning academisation. This is being shared with the Department for Education and Diocese of Bath and Wells through the Somerset Education System Leadership Group. The Education System Leadership Group is part of the new governance supporting the Education for Life Strategy and informs the work of the overarching Education for Life Board.
2. As of the start of the financial year there were 133 Local Authority maintained schools in Somerset. Any of these schools could either convert to academy status in their own right or convert with a sponsor when a school is underperforming and the Department for Education decides to implement a trust solution. There are 13 schools in the pipeline to convert to academy status between 1 August 2023 and 1 April 2024. We are aware of eleven schools that have taken a formal vote to academise but have not been considered by the South West Advisory Board (see Table 1).

Recommendations

3. The Executive agrees:
 - a) To agree to an amendment to the Core Offer contract (see para 9-12).
 - b) To approve the Council's academy charge for schools electing to convert to academy status (see para 13-15).

- c) To approve the proposal to apply Department for Education guidance when dealing with surplus and deficit balances on conversion to academy status (see para 16-20).
- d) To implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023)

Reasons for recommendations

4. As part of the Education for Life Strategy, Somerset Council is investing in relationships with stakeholders at all levels in the education system so that we can collectively deliver a step change in educational outcomes for the children of the area. Transparency about plans and intentions is helpful for strong and collaborative relationships with our schools. Being open and transparent, particularly about finance, supports the Council's intentions, as set out in the Council Plan, to be:

- A responsible Council that acts with integrity
- A Council with evidence-based and open decision-making
- A collaborative Council

5. Through the role of the Executive Director - Children, Family and Education, the Council has statutory responsibilities to promote educational excellence, specifically:

Working with headteachers, school governors and academy sponsors and principals, local authorities should promote educational excellence for all children and young people and be ambitious in tackling underperformance.

[Statutory guidance on the roles and responsibilities of the Director of Children's Services and the Lead Member for Children's Services](#)

6. Somerset's education system as a whole (both the academised and maintained sectors) is underperforming and the 2022 assessment outcomes showed a trajectory of decline. While funding and finance issues are significant factors contributing to school performance, they do not determine educational outcomes. However, a weakened support infrastructure around schools has been closely associated with that decline and financial stability is necessary for strong and reliable support services. Ensuring that financial uncertainty does not disrupt the focus on improvement and the benefit of improvement for children is therefore a priority for the Council.

7. While Somerset Council supports the principle that schools should be able to choose their future, this is better achieved within a planned and transparent framework for decision making and implementation that allows all stakeholders, particularly schools, multi-academy trusts and the Council to deliver change in a manner which mitigates the inevitable risks associated with change.
8. These proposals are designed to mitigate risks and provide clarity and stability in relation to financial measures associated with a change of status from Local Authority maintained to academy status.

Core Offer

9. All Local Authority schools are supported through a bundled traded package called the Core Offer. Each Core Offer contract is an annual agreement running from 1 April to 31 March. For 2023/24, all schools in the pipeline have been charged for the Core Offer in full and will not be eligible for a rebate. For financial year 2024/25 schools will be eligible for a rebate based on the month of conversion should the Local Authority be notified of conversion by 30 November 2023. The same deadline for notification prior to the year of conversion would apply in all subsequent years. If a school notifies the Local Authority in one of the ways set out in paragraph 10, they will receive a rebate for the period between conversion and the end of the financial year based on the formula set out in para 11.
10. The rationale for setting a cut-off date for schools to be eligible for a rebate is to protect schools who are remaining with the Local Authority. Every year the Local Authority will need to agree a Core Offer package and set a level of charges together with school leaders. These charges need to be agreed before the start of the spring term. In order to give schools the assurance that the support services they will rely on will be affordable and sustainable, the Local Authority will need to know how many schools are being supported and what level of service could be provided. The proposed cut-off date will mean that school charges will be able to be accurately forecasted and assurance can be given to the schools remaining within the system.
11. A school will be eligible for a rebate if a notification is received in one of the following ways by the deadline of 30 November each year:

- a) A letter from the Department of Education indicating an intention to pursue a directive academy order in relation to a school with two published Requires Improvement Ofsted inspection judgements
 - b) An Ofsted inspection that concludes with an Inadequate judgement
 - c) A written notification from the governing body advising of a positive resolution to join a multi-academy trust
12. Where the eligibility criteria has been met, rebates will be provided according to the date of conversion in twelfths of the annual charge (e.g. a 1 May conversion would be charged at 1/12 of the annual rate).

Charges

13. Local Authorities and Dioceses (for church schools) are expected to levy full cost recovery in relation to academisation activities for voluntary conversions. The Diocese of Bath and Wells does charge for academisation activities but does not currently operate full cost recovery. Local authorities are unable to levy any charge for a school in receipt of a direct academy order as a result of poor performance. These costs must be met by the Local Authority.
14. Schools are awarded a grant of £25,000 to help meet these costs. Officers have finalised the full cost recovery calculation and the charge for schools electing to convert during 2023/24 will be £10,675. This has been calculated on the average number of hours devoted to academisation activities by the following functions: Project management, Finance, HR Advisory, Business Management, Estates Valuation, HR Admin and Payroll. This charge is in addition to the legal costs associated with conversion which are met by the converting school/trust.
15. The full cost recovery calculation will be reviewed annually and will be adjusted in line with inflation as applied to traded services.

Surplus and Deficit Balances

16. In 2019 the County Council took a decision to treat surplus balances in the case of directive academy orders such that:
- schools would retain the first £20,000
 - any sum between £20,001 and £100,000 would be split with 50% retained by the Council
 - and any sum over £100,000 to be retained in full by the Council.

17. This had the effect that a greater sum was retained by schools in the case of directive orders than required in national guidance. In all other respects the Council followed national guidance.
18. It is proposed that the Council follows the guidance set out by the Department for Education: [Academy conversion: surplus and deficit balance transfer process](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/612222/academy-conversion-surplus-and-deficit-balance-transfer-process.pdf) - GOV.UK (www.gov.uk):
 1. In the case of a directive academy order by the Secretary of State:
 - a) The deficit is retained by the Local Authority
 - b) The surplus is retained by the Local Authority
 2. In the case of a voluntary conversion:
 - a) The deficit is transferred to the trust
 - b) The surplus is transferred to the trust
19. In the case of 1(b) the statutory guidance says: “though the surplus can be transferred to the AT and, in practice, some LAs have agreed to this”. So the assumption is that surpluses will be retained, but the Councils may choose, as Somerset has previously, to pass on more than is required.
20. The Council would retain some balances under the previous policy. On the basis of latest financial reporting (using confirmed year end balances and budget plans submitted by schools) it is estimated that this would return £565k. Under the proposed new policy, it is estimated that this would return £776k assuming that there are no committed balances that have not already been identified.
21. The following elements of a school’s reserves will be disregarded when calculating the balance to be retained by the Local Authority following a conversion under a directive academy order:
 - a) Capital balances
 - b) Third party/group monies, for example for:
 - a. Community Learning Partnerships
 - b. Parent Family Support Advisors
 - c) Parental contributions collected for future activities such as trips
 - d) Unspent DfE grants in specific circumstances, e.g. where there will be a clawback by ESFA. Grant allocations are pro-rated at point of conversion following specified DfE rules, and schools should demonstrate that they

have used a reasonable proportion of their grants in the period up to conversion.

- e) Unspent external grants/donations given for specific purposes
- f) Balances required to cover pay awards and arrears for the pre-conversion period that will not be paid until post-conversion
- g) Balances detailed in the Commercial Transfer Agreement to cover future specific costs if these will be paid by the academy or trust
- h) Other agreed balances to cover future specific costs if these will be paid by the academy e.g. funds that have been accumulated over a period for a project such as replacement of facilities/equipment.

Other options considered

- 22. The treatment of surpluses and deficits and the setting of cost recovery charges bring Somerset into line with standard practice nationally and therefore no other options were considered.
- 23. Establishing a pipeline of conversions with clear notification deadlines for contracts is based on the Council's experience that academisation proposals can emerge at short notice which does not align with financial or operational timescales. Establishing a fund to offset the cost of contracts ceasing in-year was considered. However, it became apparent that this would result in either unaffordable cost or longer timescales for academisation than are being proposed in the pipeline set out below, neither of which were acceptable, so this option was rejected.
- 24. The version shared for consultation suggested that rebates would be on the basis of a termly calculation. In response to consultation responses, this has been changed to a monthly calculation.
- 25. These proposals have been shared widely across the schools system. This paper was circulated directly to all Local Authority maintained schools and to all multi-academy trusts operating within the county. Proposals were shared openly to all schools through the Schools Weekly Bulletin and online. Two briefing sessions were held for school leaders. Three meetings have been held with schools and trusts currently planning for conversion. Feedback received within these sessions was broadly supportive.
- 26. The Department for Education and Diocese of Bath and Wells have provided feedback that they do not support proposals on the basis that they might result in a slower rate of conversion in the county than they would wish. While the

pipeline is flexible and can (and will) shift as projects unfold, we are not proposing a different rate of conversion at this time because:

- The Local Authority's legal obligations solely relate to schools with directive orders and these are already prioritised in the pipeline
- Somerset Council staff have converted over 130 schools over 13 years and have never in this time academised more than six schools in a school term. The current pipeline plans for a maximum of six conversions in any given term.
- The pipeline is flexible and where capacity allows (and where this is desirable on the part of the school and trust) conversion may be brought forward.

27. Additionally, the Department for Education and Diocese of Bath and Wells have expressed the view that the implementation date for the treatment of surpluses and deficits should not impact on schools proposed for conversion in 2023/24, for the reason that trusts may have already planned expenditure. This is not accepted. The trusts concerned have not had sight of the current surplus or deficit position for these schools, so planning any expenditure would be inappropriate.

Links to Council Plan and Medium-Term Financial Plan

28. Being open and transparent, particularly about finance, supports the Local Authority's intention, as set out in the Council Plan, to be:
- A responsible Council that acts with integrity
 - A Council with evidence-based and open decision-making
 - A collaborative Council

Financial and Risk Implications

29. For the year 2023/24, the financial pressures due to inflation mean that we can only meet our statutory duties. The Council is committed to meeting its statutory duties to facilitate academisation. However, where the Local Authority may have been in a position to go above and beyond those duties in previous years, financial pressure means this is no longer possible.
30. For many years Local Authority maintained schools have sustained a high level of combined surplus when the position across all schools is taken into account, even though individual schools have very different levels of surplus and deficit.

Due to inflationary pressures this is now likely to decrease and in the context of the position of the high needs block of the Dedicated Schools Grant (currently in deficit in the region of £20 million) there is an increasing level of risk to the Local Authority's overall financial position.

31. To maintain transparency of finances as schools move to academisation, the service will produce a financial statement at a date as near as possible to that of the decision to academise. This will capture the forecast surplus or deficit position for all relevant stakeholders, including the school and trust. The Local Authority's expectation is that this will reflect the level of surplus or deficit at the point of conversion. Any planned or unplanned variation to that figure of more than £5,000 will require formal written approval from the Council. This will put the onus on the school to maintain open and transparent accounting and dialogue through the period up to conversion. In relation to deficits, schools in deficit will already have an agreed deficit reduction plan which will continue through the period. The Council retains the right to request monthly financial reports for the period up to conversion under the current Financial Management Scheme to monitor compliance.

Legal Implications

32. The Academies Act 2010 enables maintained schools to convert to academy status. The treatment of surpluses and deficits in academy conversions is set out in The Academy Conversions (Transfer of School Surpluses) Regulations 2013 ("the 2013 Regulations").
33. The Secretary of State may make a directive academy order where she considers a school to be underperforming. Current guidance defines underperformance as being an inadequate judgement by Ofsted or two consecutive Requires Improvement judgements in schools classed by the Department for Education as 'Education Investment Areas' due to low educational standards compared to other areas nationally. Somerset is an Education Investment Area. The Council has a duty under Section 5b of the Act to take all reasonable steps to facilitate the conversion of a school into an academy when that academy order is directive because of underperformance.

HR Implications

34. The Local Authority employs approximately 220 staff within the Education, Partnerships and Skills team. The continued employment of a significant

proportion of this staff group, as well as other Council employees in teams serving schools, depends on income that arises from supporting Local Authority maintained schools. The government has expressed its intention to see more Local Authority maintained schools convert to academy status over the coming years. While this may result in a growth in trading with multi-academy trusts, it is likely that overall there will be a need to reduce the size of the overall function over time.

35. These proposals are intended to provide greater clarity for all stakeholders to be able to plan resources more effectively. To date, academisation has not taken into account effectively enough the need to evolve operational structures in both the Local Authority and trusts in light of the changing school landscape. While there may sometimes be an imperative to academise schools on shorter timescales, a longer planning horizon for staffing in non-urgent circumstances will allow the Council to maximise the potential for natural wastage, thereby avoiding the need for redundancy, and for multi-academy trusts to plan their support structures with greater assurance.

Equalities Implications

36. There is an interdependency between all elements of education finance, and therefore any lack of financial discipline carries a risk to provision in the area for Special Educational Needs and Disabilities, which may put provision for children with disabilities at risk in future.
37. During the consultation process, concerns were raised by the Diocese of Bath & Wells but this policy and procedure does not discriminate against schools with or on the basis of their religious characteristics / articles.

Community Safety Implications

38. There are no community safety implications.

Climate Change and Sustainability Implications

39. There is an interdependency between all elements of education finance, and therefore any lack of financial discipline carries a risk to the sustainability of Local Authority maintained schools, particularly those in rural areas which are highly susceptible to financial shocks and whose loss can be devastating for isolated rural communities.

Health and Safety Implications

40. Recent investigations have revealed that the funding arrangements that support Local Authority maintained schools have not supported good practice in relation to health and safety within education. Work on the Core Offer has focused on rectifying this, but good financial discipline is essential to ensure this work is sustained over time.

Health and Wellbeing Implications

41. Education is one of the most significant determinants of health and wellbeing. Low and declining educational progress and attainment represents a risk to future population health.

Social Value

42. These proposals would have no direct implications for procurement or contracts and so there are no social value implications.

Scrutiny comments / recommendations:

43. This paper was considered by the Children and Families Scrutiny Committee on 12 July. The committee was supportive of the proposals and the intent behind them.

Background

44. Somerset has academised 132 schools over 13 years with continuity of expertise in the staff team responsible. The shortest timeline to date between the Regions Team South West Advisory Board decision and conversion has been 4 months. Comparisons with other local authorities in the South West suggest a common timescale is 5-6 months. However, timescales can be significantly longer. Chilton Trinity School in Bridgwater took 30 months due to the complexities of a Private Finance Initiative contract.
45. The pipeline below represents target timescales and is subject to review. The Council will endeavour to recirculate this timetable on a regular basis to Council members and officers, local trusts and schools so that there is a shared understanding of changes where these may arise. This pipeline has been devised taking into account the following considerations:
- a) Priority given to schools with a direct academy order

- b) Groups of schools that are planning to join the same trust to academise at the same time, where that is achievable
- c) Known procedural complexities (e.g. exceptional land or legal issues)
- d) Capacity within the Local Authority to manage the relevant activity

46. This pipeline will serve as the Council's guide for activity and Officers are committed to these dates all other things being equal. However past experience tells us that there are a range of circumstances that can arise which can result in a change to target timescales. In particular, should any other schools receive directive academy orders, these would take priority and may displace other schools.

Table 1

Target date (1 st of month)	School	Directive Academy Order	South West Advisory Board Decision Date	Trust
August 2023	Berrow	YES	20 February 2023	The Priory Learning Trust
September 2023	Heathfield, Taunton	YES	22 May 2023	Cabot Learning Federation
November 2023	West Chinnock Norton Sub Hamdon	YES NO	24 April 2023	Bath and Wells MAT
November 2023	Castle Cary	YES	3 July 2023	The Academies for Character and Excellence
November 2023	Stoke St Gregory	YES	19 June 2023	The Oak Partnership Trust
January 2024	Merriott Haselbury Plucknett Ashlands, Crewkerne St Bartholomew's, Crewkerne	NO NO NO NO	22 May 2023	Quantock Education Trust
January 2024	Abbas & Templecombe St Aldhelm's, Shepton Mallet	NO NO	24 April 2023	Bath and Wells MAT

April 2024	St Louis, Frome	NO	22 May 2023	The Dunstan Catholic Educational Trust
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Local Authority maintained schools who have:

- notified the Council of a formal vote by the Governing Body to academise
- identified a named trust
- the named trust reflects the Department for Education's position on appropriate trust growth

Stoberry Park Primary School, Wells
 Frome College, Frome
 Ash Church of England Primary School
 Berkley Church of England First School, Frome
 Burnham on Sea Infants School
 St Andrews Church of England Junior School, Burnham on Sea
 Beckington Mells Church School Federation, Frome
 St Nicholas Church of England Primary School, Henstridge
 Kilmersdon Church of England VA Primary School
 Croscombe Church of England Primary School
 Trinity Church of England First School, Frome

Background Papers

[Schools Causing Concern Guidance \(October 2022\)](#)

[Treatment of surplus and deficit balances when maintained schools become academies \(March 2018\)](#)

Appendices

- Somerset Schools by phase and status
- School Ofsted Outcomes as of April 2023

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24 July 2023
Communications	Chris Palmer	20 July 2023
Finance & Procurement	Jason Vaughan	24 July 2023
Workforce	Chris Squire	N/A
Asset Management	Oliver Woodhams	N/A
Executive Director	Claire Winter	24 July 2023
Strategy & Performance	Alyn Jones	N/A
Executive Lead Member	Cllr Tessa Munt	20 July 2023
Consulted:	Councillor Name	
Local Division Members	N/A	N/A
Opposition Spokesperson	Cllr Frances Nicholson	20 July 2023
Scrutiny Chair	Cllr Leigh Redman	20 July 2023

Appendix 1: Somerset Schools by phase and status

Establishment Type	Total number of schools	LA maintained schools	Academies	% of schools which are academies
STATE-FUNDED SCHOOLS				
All-through	1		1	100%
Middle deemed primary	1		1	100%
Middle deemed secondary	6		6	100%
First School	30	14	16	44%
Infant School	12	10	2	
Junior School	10	7	3	
Primary School	165	90	75	
Secondary 11-16	17	1	16	86%
Secondary 11-18	8	2	6	
Upper School	3	1	2	
Special	8	4	4	50%
PRU	4	4		0%
Sub Total (state-funded schools)	265	133	132	50%
OTHER				
Other - FE College	4	N/A		
Other - Independent school	16	N/A		
Other - Independent special school	18	N/A		

Other - Special post 16 institution	3	N/A
Other - Miscellaneous	1	N/A
Sub Total (Other)	42	N/A
Grand Total	307	

Appendix 2: Ofsted Judgements in Somerset schools 2022 – 2023

Since September 2021 **44%** of Somerset schools have been inspected under new framework

56% are overdue or waiting for Ofsted

Total of **113** schools inspected (plus 15 where reports not yet published)

2021 – 2022 **46** (plus 2 monitoring visits)

2022 – 2023 to date **67** (plus 5 monitoring visits and 6 academies inspected where judgement not yet known)

Please note that schools who convert to academy status have their Ofsted judgement wiped from their record and therefore all judgements listed for academy schools are judgements that were given to them after academisation

Direction of Travel

20% have improved their grade for overall effectiveness (17% Jan 2023)

19% have received a lower judgement than previously (25% Jan 2023)

61% have retained the same judgement (58% Jan 2023)

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2021-2022	LA	Academies	All
↑		4	4
↔	18	13	31
↓	6	4	10
(1st inspection)		(1)	(1)
	24	21	45

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2022-2023	LA	Academies	All
↑	1	11	12
↔	31	6	37
↓	7	5	12
No outcome yet	0	6	6
	40	27	67

Outcomes for Schools Inspected 2022 – 2023 to date

3.3% are Outstanding (0% Jan 2023)

75.4% are good (71% Jan 2023)

13.1% are Requires Improvement (21% Jan 2023)

8.2% are inadequate (8% Jan 2023)

78.7% of schools inspected since September 2022 have judgement of good or better for quality of education (71% Jan 2023)

				2022 - 2023	LA	Academies	Total
2021 - 2022	LA	Academies	Total	Outstanding	0	2	2
Outstanding	0	0	0	Good	23	11	34
Good	13	13	26	Good but	10	2	12
Good but	3	3	6	Requires Improvement	3	5	8
Requires Improvement	6	5	11	Inadequate	3	2	5
Inadequate	2	1	3	Monitoring visit	3	2	5
Monitoring visit	1	1	2	No report yet	0	6	6
	25	23	48		42	30	72

Comparison to National Figures

Data April 2023 (Ofsted - Schools commentary: the emerging picture from 2022/23 inspections)

	National	Somerset (Apr 23)	Somerset (Dec 22)
Outstanding	17%	10%	11%
Good	71%	72.5%	71%
Good or better	88%	82.5%	82%
Requires Improvement	8%	12.4%	11%
Inadequate	3%	5.2%	7%

Appendix 3: Consultation outcomes

This paper was shared widely with schools and trusts. Five written responses were received to the consultation from:

- Department for Education Regions Team
- Diocese of Bath and Wells
- Wessex Learning Trust
- Castle Cary Primary School and Oak Partnership Trust
- Stoke St Michael Primary School

Comment in summary	Council's response
The summary of the paper needs to be clearer that there is a financial basis to this decision.	Accepted and changed
Schools in the pipeline should receive a Core Offer rebate as this was previously discussed.	Acknowledged but the context changed and therefore this option became unviable. Schools continue to have the option to elect to convert on 1 April 2024 when the current Core Offer terminates. Council officers will meet with every school and trust to consider all aspects of the financial and trading arrangement and there will be no double charging of trusts who access Council services such as payroll and waste.
There is insufficient clarity in the paper on the treatment of surplus balances, and the considerations in determining which elements of any surplus would be disregarded.	Accepted and changed.
The paper does not reference the legislation in relation to surplus and deficit balances or spell out that the statutory guidance allows LAs to pass on surplus balances if they choose.	Accepted and changed.
Opposition members have not been consulted.	This is due to the paper being shared prior to this stage of the decision process. Proposals have been to Scrutiny and both opposition leads have been consulted.

The policy does not promote educational excellence in schools in receipt of directive academy orders.	The Council has invested heavily in securing improvement in underperforming schools, which has sometimes come at a cost to other schools that have performed well. It is fair and appropriate to expect schools that have not improved or been compliant to bear some of the cost of that underperformance.
LA maintained schools are not receiving sufficient budget monitoring information at this time.	Acknowledged but this has no direct bearing on these proposals.
This policy is being applied retrospectively.	Not accepted. The policy would only impact on conversions which have not yet taken place.
The paper does not list all the schools that have currently taken minuted decisions.	The paper that was circulated for informal consultation was correct. Since that time, schools have come forward to notify the Council of their minuted decision. The list of schools has been updated accordingly.
The paper is not clear where the 'tipping point' is for the viability of Council support for schools.	Not accepted. Council support for schools can be provided for any number and this is not a relevant consideration. Council support is less effective without sound financial planning but these proposals explicitly address this.
The proposed pipeline is too slow and would create unacceptable delay for voluntary conversions.	Not accepted. Data received from the Department for Education in relation to academisations across the South West demonstrates that no timescale being proposed is outside the margins of usual practice. The data shows that conversions can take between 2.5 and 60 months and therefore none of the timescales being proposed are unreasonable. The Council has a statutory duty to facilitate the conversion of schools with directive orders, and all these schools are prioritised in the pipeline. The Council has no statutory obligations to voluntary conversions and therefore must make a judgement about what steps it takes in these arrangements,

	balancing the interests of schools wishing to convert with the interests of other schools in the system.
The timescales on rebates are too long as they may deter schools from joining trusts.	This objection begs the question, as it assumes that the Department for Education's objective to see strong trusts grow is one that is shared by all stakeholders. While the Council absolutely shares a commitment to better schools in Somerset, the focus on trust growth is a central government policy that has not been adopted by the Council. Therefore, the focus on trust growth is not a relevant factor.
The DfE policy on surpluses should not be applied to schools currently in the pipeline.	Not accepted as set out in para 27.
The paper isn't clear how the charge for conversion has been worked out.	The basis for the calculation is at paragraph 14.
The Council should use statutory powers to suspend school budgetary control for underperforming schools rather than retaining surplus balances.	Not accepted. For underperforming schools this is one of the statutory avenues open to the Council, but there are many reasons why this may not be a suitable avenue to pursue in any given situation and therefore this means it is not appropriate to adopt this as a blanket policy,