

REPORT TO: Executive Board

DATE: 20 July 2017

REPORTING OFFICER: Strategic Director – People

PORTFOLIO: Children, Young People and Families

SUBJECT: Conversion of The Grange School to Wade Deacon Trust

WARD(S): Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 This report provides a summary of the arrangements for the conversion of The Grange School to Wade Deacon Trust and seeks authority to undertake any actions necessary to affect this transfer.

2.0 RECOMMENDATION: That

- 1) the appointment of the law firm Freeths to act for the Authority in the conversion of The Grange PFI School is noted;**
- 2) authority is delegated to the Operational Director Education, Inclusion and Provision, in consultation with the portfolio lead for Children, Young People and Families, to agree the following:-**
 - i. Schools Agreement**
 - ii. Principal Agreement**
 - iii. Deed of variation**
 - iv. Lease**
 - v. Service Level Agreement for Resource Base provision**
 - vi. Shared use agreement**
 - vii. Commercial Transfer Agreement**
- 3) Authority is delegated to the Operational Director Education, Inclusion and Provision , in conjunction with the portfolio lead for Children, Young People and Families, to undertake any actions necessary to affect the conversion.**

3.0 SUPPORTING INFORMATION

3.1 The Authority received an Academy Order from the Secretary of State for Schools in October 2016 approving the conversion of The Grange School to Academy status as part of Wade Deacon Trust. On receipt of an Academy Order the Local Authority must work with the school and its sponsor, Wade Deacon to support the conversion.

- 3.2 The Grange is an All through school which caters for pupils from 3 to 16 years old. The school has a nursery which caters for up to 104 full time equivalent children aged 3 and 4 spread over 2 sessions with up to 52 full time equivalent children. It has a two form entry primary school with a Published Admission (PAN) number of 60 per year group and a total of 420. For secondary there is a PAN of 180 per year group, a total of 900. The school also has four Resource Bases; three for pupils with Autistic Spectrum Conditions (ASC). There are bases in Key Stage 1, Key Stage 2 and Key Stage 3 and 4. There is also a fourth Resource Base for pupils with Speech and Language needs.
- 3.3 The Grange is a Private Finance Initiative (PFI) School. Construction commenced in 2011 and the building work was completed with service commencement in April 2013. The PFI arrangements commenced in April 2013 and will cease in 25 years from service commencement 2038.
- 3.4 Due to the complexity of the conversion a request was made to the Department for Education to provide financial assistance to the Local Authority to secure specialist legal support. Initial requests were refused, however, in February 2017 the opportunity was provided to apply for grant and the application from Halton was approved in March 2017.
- 3.5 The Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE) consultation was undertaken with staff and trade unions in February and March 2017.
- 3.6 In May 2017 the law firm Freeths were commissioned to work alongside HBC Legal Services to represent the Council's interest during the academy conversion. Each of the other parties has also appointed specialist legal support. Hill Dickinson will represent Wade Deacon Trust and The Grange School and Addleshaw Goddard will represent both The Grange Special Purpose Vehicle (SPV) and the Lenders.
- 3.7 The original proposed conversion date was 1st September 2017. However, given the delay in commencing negotiations and the complexity of the conversion it has been acknowledged that this date is no longer achievable.
- 3.8 An initial set up meeting took place on 19th June 2017 to agree the key documents and issues which would need addressing and the DFE have now assigned a member of the Academies Regional Delivery Group to support the conversion process.
- 3.9 A number of key documents will need to be amended and agreed including:
- **Schools Agreement** – this replaces the previous Governing Body Agreement, sets out the relationship between the Academy and the Council, outlines the respective responsibilities and secures the continuing financial contribution of the Academy
 - **Principal Agreement** – sets out the relationship between the Department for Education, the Academy and the Council. It seeks to ensure there are “no adverse consequences arising out of the

Academy's status as an Academy rather than a school maintained by the Authority"

- **Long Term Lease** - lease for 125 years for The Grange site
- **Service Level Agreements** – sets out the arrangements for the continuation of the four Local Authority Resource Bases operating from The Grange School
- **Joint use agreements** – sets out the arrangements for any jointly used facilities
- **Commercial Transfer Agreements** – addresses the transfer of assets, staff and contracts from the Council to the Academy Trust
- **Deed of Variation to the PFI contract** – sets out the arrangements to make the Academy an insured party under the PFI contract and adds the Academy as a Council Related Party whose actions are the responsibility of the Council.

3.9 In addition, to Legal support in order to conclude the academy conversion support will be required from HR, Finance, Property Services, Estates and Procurement. Once the appropriate advice has been provided it is proposed that authority is delegated to the Operational Director Education, Inclusion and Provision to determine the terms of the transfer agreements.

4.0 POLICY IMPLICATIONS

4.1 On receipt of an Academy Order the Council must work with the relevant partners to facilitate the conversion.

5.0 FINANCIAL IMPLICATIONS

5.1 Wade Deacon Trust and The Grange School have been advised that they will need to meet any of the financial costs incurred by the Council in effecting the conversion.

5.2 Any deficit associated with The Grange School on conversion will remain with the local authority after the school has become an academy and any surplus will be passed to the academy.

6.0 OTHER IMPLICATIONS

6.1 The current contractual arrangements require the PFI contractor to meet any excess energy costs above an agreed benchmark. Energy costs have exceeded the set benchmark each year since service commencement. The school have yet to receive full compensation for the costs incurred.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 Children and Young People in Halton.

The Council will continue to work in partnership with The Grange to improve outcomes for children and young people.

7.2 Employment, Learning & Skills in Halton

N/A

7.3 A Healthy Halton

N/A

7.4 A Safer Halton

N/A

7.5 Halton's Urban Renewal

N/A

8.0 RISK ANALYSIS

8.1 Specialist Legal Support has been commissioned to represent the Council's interest and ensure appropriate due diligence during prior to conversion.

8.2 To ensure that other schools and Council services are not adversely affected by the costs incurred to the Council through the conversion, grant funding has been secured and The Grange and The Trust have been notified that the Council will seek to recover any other additional costs.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 No equality and diversity issues have been identified.

10.0 REASON(S) FOR DECISION

10.1 To seek delegated approval to facilitate the conversion of The Grange to Wade Deacon Trust

11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

11.1 All key documents considered and agreed by Executive Board. This option was rejected due to the number of changes required, the number of partners involved and the impact this would have on the timescale for the conversion.

12.0 IMPLEMENTATION DATE

12.1 Delegated powers to take effect from July 2017.

13.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
DFE Academy Order – October 2017	People Directorate	Ann McIntyre – ann.mcintyre@halton.gov.uk