

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

Press Release 722

Privatisation of education: What Happens when Education ‘Trusts’ Asset Strip and leave Students High and Dry?

The brave new privatisation experiment of ‘British ‘Academies’ upon which Christopher Pyne in part modelled his ‘independent Public School’ thought bubble has proved a disaster, particularly in Yorkshire.

The following Story from The Guardian of October 21, 2017 at:

https://www.theguardian.com/education/2017/oct/21/collapsing-wakefield-city-academies-trust-asset-stripped-schools-millions-say-furious-parents?CMP=share_btn_tw

illustrates what happens when public facilities are turned over to for-profit private bodies. Profits take precedence over student opportunities. Worse – an Education Trust has even engaged in ‘asset stripping’ before its collapse.

Students, parents and teachers are left to hang out to dry, - even those in their final school year. Here is the scandalous story.

Furious parents demand answers after transfer of funds by Wakefield City Academies Trust leaves pupils forced to recycle old exercise books

Wakefield City Academies Trust now stands accused of “asset stripping” after it transferred millions of pounds of the schools’ savings to its own accounts before collapsing. On 8 September [it released a statement](#) announcing it would divest itself of its 21 schools as it could not undertake the “rapid improvement our academies need”. It said that new sponsors would be found to take them over.

While Ofsted rates four of those schools as good or outstanding, 11 out of the 14 primary academies and six of the seven secondary schools the trust was running are below the national average. Parents, teachers and governors have now called on the Department for Education to ensure that the trust’s collapse will not leave the schools out of pocket .

Hemsworth Arts and Community Academy, a mixed secondary school in Pontefract, had £220,000 of funds, raised by volunteers at Christmas markets and other school events, transferred to the trust’s accounts earlier this year. It also saw a further £216,000, which had

been held back for capital investment, moved over. “It’s not the trust’s money. It’s our money,” said a former governor at the school, who did not want to be named. “It’s money for the people in the area, their children and their grandchildren. It wasn’t for them to take.”

Heath View primary school in Wakefield had £300,000 transferred to the trust in September 2016. Another school, Wakefield City Academy, had more than £800,000 transferred towards the end of 2015. In both cases the trust told the schools’ governors that the transfer was a loan. Wakefield City Academy even received a number of small repayments. However, since the trust’s collapse both schools have been told that it no longer acknowledges the transactions as loans.

For Wakefield City Academy, the money had been held back to provide a financial cushion for when a particularly large cohort of children – born during the early 2000s baby boom – arrive in the secondary school system. “This money was our rainy day money,” said Kevin Swift, chair of the school’s local governing body. “It wasn’t just left under the mattress. It was money that we had anticipated we would have a very definite need for.”

High Craggs Academy primary school in Shipley was instructed by the DfE to join the trust in April 2016 after being put into special measures the previous year. When it joined it had a surplus of £178,000, which was immediately moved to centralised accounts.

Eric Fairchild, chair of the school’s local governing body, said that on at least two occasions the governors had asked if its surpluses were being used to shore up the trust’s accounts. They were reassured that their money was ring-fenced and safe. “I believe that it is grossly immoral that our surplus funds are being effectively taken away from the children of our school who, in very many cases, are very deprived,” said Fairchild.

The government has encouraged academies to join multi-academy trusts, promoting them as a support structure for schools once they leave local authority control. But the model has been dogged by criticism. In March [the Education Fellowship Trust became the first in England](#) to give up control of its 12 academies following concerns about educational standards.

Parents, teachers and governors say the financial problems at the Wakefield City Academies Trust had been clear for nearly a year before it collapsed. In November 2016 a draft DfE report [leaked to the Times Education Supplement](#) stated that the trust was in an “extremely vulnerable position as a result of inadequate governance, leadership and overall financial management”.

The draft raised concerns that the chief executive, Mike Ramsay, had been paid more than £82,000 for 15 weeks’ work, despite the fact that the trust was facing a large budget deficit. The DfE has so far refused freedom of information requests to see the final report.

The previous month, it had emerged that the trust had paid almost £440,000 to IT and clerking companies owned by Ramsay and his daughter. In a statement at the time, the trust said internal vetting procedures had found that the contracts represented the best value.

Although serious questions have been raised about financial management, there is no suggestion of fraudulent activity.

Speaking at a public meeting of parents, teachers and trade unionists in Doncaster last Thursday, National Education Union activist Sally Kincaid said the trust was guilty of “asset stripping” its schools, which had been instructed to only spend money on “essential items”.

The failure of the academy Trust was not a surprise:

Earlier this month, the DfE named its “preferred” eight new sponsors for the schools abandoned by the trust. One of those new sponsors, Delta Academies Trust, formerly known as SPTA, was [stripped of three of its schools](#) in late 2015 following concerns about low standards.

“We are not football teams. We are not part of the transfer market, where we can be transferred from one multi-academy trust to another,” Kincaid said last week. “It’s not good enough.”

A Labour councillor for Conisbrough, Lani-Mae Ball, said that while multi-academy trusts were “part of the education landscape now”, parents and communities need “a real choice and a real voice, including the choice to return to a local authority if they have been let down by the multi-academy system”.

While a spokesman for the Wakefield City [Academies](#) Trust declined to comment, the DfE said a failing academy trust could never profit from the transfer of its schools to new sponsors. A spokesman said: “We are working with the trust to ensure that there is minimal disruption for pupils.

“We are also working with the preferred trusts and schools to ensure they have the right support and resources they need to improve the outcomes for pupils as quickly as possible, which will include the necessary pupil funding.”

<https://www.theguardian.com/education/2017/sep/09/failing-academy-trust-to-pull-out-of-21-schools>

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