

Annex 2

Setting up a collaborative company

Option for schools to formalise arrangements for collaboration between local groups of schools.

A Collaborative Company is an option open to schools to formalise arrangements for collaboration between local groups of schools. It is open to community schools although other types of schools can be members of the group.

The County Council sees this as a practical option for schools who do not feel ready to convert to academy status at this time but wish to consider more formal arrangements for service provision. This could in future be used as a basis for conversion to academy status as part of a group of schools

Introduction

A school company is a suitable vehicle to provide a group of schools with a legal identity to procure and provide services and facilities collectively.

Section 11 of the Education Act 2002 enables governing bodies of maintained schools to form companies on their own or with other schools or with certain other educational bodies (including academies) for prescribed purposes. The permitted activities are;

- purchasing goods and services for schools in the company
- providing services or facilities to other schools either directly or facilitating that provision by a third party, and
- exercising functions which the Local Authority (LA) is able to contract out.

Setting up a school company

Maintained schools (but not any other types) will need permission from their relevant LA to join a school company and the company will need a LA to supervise it.

School companies are required to register with Companies House. A sample memorandum of association and articles of association are available for Oxfordshire schools to adapt for their own use.

A board of directors will need to be appointed to run the company. At least 40 per cent of the directors of a school company must be non-executive directors; that is directors who are not employed by or contracted to the company to provide services for payment.

Benefits of a school company

It has its own legal entity and can:

- enter into contracts,
- employ staff (members may share costs),
- limit liability - A school company is a private company limited by either shares or guarantee. This means that if a school company were to fail financially, the liability of each company member would be limited to either the size of the guarantee (usually around £10) or the unpaid amount outstanding on the

shares, depending on which is relevant. A group of schools working together will wield a greater purchasing power.

Becoming Academies

A school company must always have at least one maintained school amongst its membership. If every member were to convert to academy status the company would no longer constitute a school company but could use other legislation to remain as a company. The memorandum of association and articles of association would need to be amended accordingly.

Recommendation

Oxfordshire County Council recommends this model as an option where schools in an existing partnership wish to retain and develop current successful ways of working in a formal context regardless of the status of the individual schools.

The establishment of a company enables schools to agree the level of collaboration which meets their needs. This can cover items such as making joint appointments, sharing of expertise in specific curriculum areas, and negotiating favourable rates for purchase of external consultancy.

Being a member of the company does not affect the governance nor the budget allocation of the schools involved.

The establishment of a company gives an opportunity to establish formal links with a group of schools which can be retained regardless of change in status while at least one member of the group is a maintained school. It may also provide a model for an academy trust in the future. There is flexibility for schools to review their membership of the company on a regular basis.

Next steps

Oxfordshire has commissioned a set of documentation to enable a group of schools to set up a company if they wish to do so. There is no charge for these papers, which were prepared by Browne Jacobson Solicitors, however please be aware that if you approach Browne Jacobson you will be charged for further advice.