

For General Release

REPORT TO:	CABINET 11 July 2016
AGENDA ITEM:	11
SUBJECT:	Implications of National Education Policy for Local Practice
LEAD OFFICER:	<i>Paul Greenhalgh</i> Executive Director People Department
CABINET MEMBER:	Councillor Alisa Flemming Cabinet Member Children, Young People and Learning
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</p> <p>Croydon Council is committed to ensuring the highest quality of education for all children in the Borough. This is clearly spelled out in the “Ambitious for Croydon” manifesto commitment to work “with every Croydon school to make sure that all are schools of choice for local families”.</p> <p>To enable people of all ages to reach their potential through access to quality schools and learning.</p> <p>Ambition Priority 2: Independence</p> <p>Continue to improve the proportion of schools which are judged good or better by OFSTED and support and challenge schools to improve the standards being achieved</p>	
<p>FINANCIAL IMPACT</p> <p>The financial risk and impact of central government proposals outlined in this report can not be quantified at this stage. The second consultation on the National Funding Formula, which is due over the Summer, should provide us with information on the formula quantum that we will be working with that will enable modelling to start taking place. The first consultation that took place over the Easter focused on National Funding Principles.</p>	
<p>KEY DECISION REFERENCE NO.: This is not a key executive decision</p>	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 Welcome the reversal of government policy to force academisation of all schools.
- 1.2 Agree that the Council continues to engage with central government regarding the implications of the policies and guidance outlined in this report in order to maintain local influence of education and sufficient funding to carry out its statutory duties, including the funding required to support the school improvement functions in Local Authority maintained schools.
- 1.3 Note that Cabinet be updated once the outcomes of the National Funding Formula consultation and the Education for All Bill is published and their implications for Croydon.

2. EXECUTIVE SUMMARY

2.1

The purpose of this report is to outline the potential local impact of the “Educational Excellence Everywhere” White Paper, the National Funding Formula and the forthcoming “Education for All Bill”.

The main financial considerations for the Council, whilst yet to be finalised, will be the funding of central statutory services, the viability of support offered to schools in Croydon through its contract with The Octavo Partnership and the costs to the Council in paying for the legal fees for conversion of schools and the leasing of land.

3. Local Context and academisation of schools

- 3.1 The arrangements for ensuring children in Croydon’s schools are attending a good or better school have been very successful in recent years. From a baseline of 64% of schools being judged good or better in 2012, 87% of primary schools are now judged at this grade. This improvement has been due to a number of factors, not least the hard work and commitment of leaders and staff in our schools. The Council has ensured support is provided to all schools in the Local Authority, now through its contract with The Octavo Partnership, has challenged underperformance rigorously through its use of statutory powers and has, where necessary, supported both the establishment and growth of successful Multi-Academy Trusts (MATS). LA officers have also worked with leaders in schools to set out a clear Borough strategy for improvement, based on the idea of a Croydon “family of schools”, regardless of the type or designation of school.

All but 5 Croydon secondary schools are Academies, with the remainder being either Church of England or Roman Catholic Aided schools, and just under half of primary schools are now academies, the majority of which are members of MATS. Academies in Croydon are variously “stand-alone” converter academies (where a successful school has chosen to convert to academy status in its own right), sponsored academies (where a school has either chosen to join with another school(s) to add additional capacity or where a failing school has been required to be sponsored), and Multi-Academy Trusts. Sponsors and MATS in Croydon are comprised of both “home-grown” Trusts, such as STEP, Pegasus, Riddlesdown, Coloma and Synaptic, larger Federations, such as Harris, and national chains such as ReaCH2 and Oasis (who, nevertheless, began their work in Croydon at Oasis Coulsdon and Oasis Shirley Park).

- 3.2 The letter from the Leader and Lead Member to the Secretary of State (see appendix 1) sets out further arguments against forced academisation of schools. This Council welcomes the government change of heart on this matter (see below).

4. Education for All Bill and its potential local impact

- 4.1 In March 2016 the Government published a White Paper entitled “Educational Excellence Everywhere”. This White Paper contained significant proposals, including that Local Authorities should cease to be responsible for school improvement – a role that should instead be undertaken by schools and MATS themselves. The White Paper also set out the future responsibilities of Local Authorities: place planning and admissions, including co-ordination of all in-year admissions and the administration of admission appeals, Special Educational Needs, ensuring the needs of vulnerable children are met and acting as champions for all parents and families. In May 2016 the government announced an Education for All Bill in the Queen’s Speech. This announcement affirmed the proposal to remove the Local Authority’s duty for school improvement but heralded some changes to the original White Paper.

It is proposed this Bill will remove the legal requirement to impose academisation on schools, except in two important circumstances where the government, through the Regional Schools Commissioner, will trigger conversion of all schools in a Local Authority:

- firstly, where it is clear that the local authority can no longer viably support its remaining schools because a critical mass of schools in that area has converted. Under this mechanism a local authority will also be able to request the Department for Education converts all of its remaining schools
- secondly, where the local authority consistently fails to meet a minimum performance threshold across its schools, demonstrating an inability to bring about meaningful school improvement

- 4.2 At the same time the Government launched a consultation on a National Funding Formula for schools which, in addition to a variety of proposals on funding at individual school level, outlined changes to the ways in which Local Authorities would be funded for their statutory duties. It is proposed that Local Authorities will lose responsibility for all school improvement functions once schools cease to be maintained and, as a result, the Education Services Grant,

which is currently valued at £87 per pupil, will fall to £15 per pupil from April 2017. Consultation on the National Funding Formula has included a proposal to introduce a new “Central Block” to school funding arrangements to pay for the remaining statutory duties that are proposed for Local Authorities, including amongst others, admissions, education welfare and safeguarding, although no figures are yet available to indicate the impact this will have on the resources the Council currently deploys to meet these duties. It is also unclear whether there will be sufficient resources to meet the Local Authority duty to support school improvement in schools for as long as they remain maintained.

- 4.3 From 18 April 2016 the new “Schools Causing Concern” guidance came in to force. This guidance gave Regional Schools Commissioners (RSCs) statutory powers of intervention over Local Authority maintained schools as well as Academies. This allows RSCs to intervene in maintained schools to issue warning notices and enforced academy orders to require maintained schools to become academies. These can be issued when there are concerns over standards, leadership or whether a school is deemed to be “coasting”. Whilst the Council can still intervene in maintained schools using its statutory powers, those of the RSC take precedence.
- 4.4 When all proposals are taken together it is clear there are significant implications for the Council’s role in education and for the future designation of schools that are currently maintained by the Local Authority, and also, through the greater powers already attributed to the RSC, its ability to shape the future of provision and providers in the Borough. Officers within the Council have regular and constructive meetings with the RSC, who is keen to work collaboratively and to be able to respond to local intelligence about schools, although the final decision is his. Large numbers of schools are already engaged in discussions with one another, and with MATS and the RSC, to determine the best solution for their children, families and communities. A significant driver for schools is the increasingly tight financial framework within which they operate. Whilst there are uncertainties regarding the impact of the National Funding Formula on per pupil funding in Croydon all schools are currently facing increasing costs linked to inflation, pension costs, increasing National Insurance liabilities and staff pay increases on an overall cash-flat settlement.
- 4.5 It is not yet possible to detail the precise implications for Croydon: this can only be achieved once the final detail of the Education for All Bill and the outcomes of the National Funding Formula are known. However, as can be seen from this paper, the potential implications are significant.

5. CONSULTATION

- 5.1 Not applicable to this report.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 There are significant potential financial implications of “Educational Excellence Everywhere”, the proposed “Education for All” Bill and the National Funding Formula for the Council. While the financial implications can not yet be quantified the significant anticipated changes are detailed below.

6.2 **DSG – Dedicated Schools Grant**

It is proposed that the changes come into force from 2017/18, and can be summarised as follows:

Move from 3 DSG funding blocks (Schools, High Needs and Early Years) to 4 blocks (schools, LA Central, High Needs and Early Years) and to combine the Education Services Grant (ESG) funding that is currently part of Formula Grant into DSG as part of the Central block.

The schools block would be ring-fenced. Currently we are able to transfer between blocks, in the future we would only be able to transfer between LA controlled blocks (Central, High Needs and Early Years).

6.3 **Flexibility on the use of DSG**

The proposed new formula will further restrict the use of DSG and this will impact on the Council especially around the High Needs block. Previously we have been able to transfer funding from the schools block to meet increasing costs as a result of the funding remaining cash flat since 2012/13 despite growth in demand of around 5% per annum. The new formula will not allow this to happen and therefore could result in an overspend of approx. £1.5m.

Historically, Early Years DSG funding was allocated based on place numbers available, rather than place numbers filled. This enabled the block to build up reserves. The block allocation has since been moved to funding based upon actual places filled at census time. Early Years numbers are increasing outside of the census dates, this alongside a decision to increase the EFA hourly rate for two year olds means that these reserves will be fully utilised by the end of 2016/17. Unless Croydon's funding allocation increases under the new National Funding formula, savings will need to be made in order to balance this budget in future years.

6.4 **ESG (Education Services Grant) and the Central Block to be introduced in 2017/18**

Under the new formula arrangements ESG will be transferred to the DSG Central Block to be managed, at a reduced rate of £15 per pupil, from £77 in 2016/17.

This will be combined with the historical commitment funding, that will be maintained subject to a justification exercise. Our current historical commitments are £3.213m for prudential borrowing and historical added years pension costs of teachers.

From this ESG we currently provide schools improvement and admissions services as well as support to the schools forum and provision of internal audit services to schools.

Until we are informed of the per pupil rate that we will be funded upon, it is not possible to quantify whether the costs of these services will be fully funded, however it is anticipated that savings of some level will be required.

6.5 **Cost of Academisation**

When schools convert to academies there is a cost to the local authority. The average cost of academisation to the LA in 2015/16 was £11,000 per

conversion. Based on this current average cost and the number of schools the cost of academisation will be in the region of £730k.

(Approved by: Lisa Taylor, Assistant Director of Finance and Deputy S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 There are no legal implications arising from this report.

(Approved by: J Harris Baker, head of social care and education law on behalf of the Acting Council Solicitor and Acting Monitoring Officer.)

7. HUMAN RESOURCES IMPACT

7.1 There are no Human Resources considerations arising from this report.

(Approved by: Deborah Calliste on behalf of the Director of Human Resources)

8. EQUALITIES IMPACT

8.1 As policy becomes clearer any necessary equalities analysis will be undertaken.

9. ENVIRONMENTAL IMPACT

9.1 There are no direct implications contained in this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no direct implications contained in this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 National policy is still being formulated around the forthcoming Education for All Bill and the National Funding Formula. It is recommended that Cabinet continues to lobby central government during this period in order to ensure the Council is able to continue acting in the best interests of the children and young people in Croydon and that both our schools and the Council have sufficient funding to do so.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Not relevant until final details are available from central government.

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Learning Access, 0208 760 5636

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

None

Appendices attached:

Appendix 1: Letter from the Leader of the Council and Councillor Alisa Flemming to the Secretary of State dated 7 April 2016

Leader's Office
Town Hall, Katharine Street
Croydon, CR0 1NX

Email: leadersoffice@croydon.gov.uk
Tel: 02087605770

Date: 07 April 2016

Rt. Hon Nicky Morgan MP
Secretary of State for Education
Department for Education
Sanctuary Buildings
20 Great Smith Street
London SW1P 3BT

Dear Secretary of State

Proposals about academisation in the white paper 'Educational Excellence Everywhere'

We write to provide comments on the recently published white paper about education.

Our experience in Croydon – both under the previous local Conservative administration and the current Labour administration – has been one of a significant improvement in our schools over the past few years. Academisation of our secondary schools has helped to significantly improve standards; and our primary schools have improved from 64% being judged good or outstanding by OFSTED in 2012 to just under 90% today, which is above the national average. This has been achieved in part through an effective school improvement strategy, in part through local federations of community schools, and in part through targeted academisation (44% of our primary schools are academies), working closely with locally developed academy chains (which have a strong commitment to Croydon) and a few national chains. This pragmatic approach, supported by government policy, has hitherto paid dividends for the people of Croydon. All of Croydon's community special schools are already judged good or outstanding. Additionally, in an innovative partnership with Croydon Head Teachers Association, the Council and schools have successfully established a jointly owned company, Octavo, which is able to be highly responsive to schools in delivering a range of traded services, including school improvement, providing flexible and agile support to schools as drivers of their own improvement.



However, the proposals in the new white paper for wholesale, forced academisation, take government policy to new extremes, and is likely to generate a number of negative consequences:

1. Diversion of attention from standards

The forcing of schools to go through the process of academisation will take away their focus on quality and standards, and force them to spend considerable amounts of time on changing the legal basis upon which they work. This seems particularly inappropriate in a situation where, as referred to above, a high proportion of schools are already judged by OFSTED to be good or outstanding. Furthermore, to force this change on the back of a lack of an evidence base which shows academisation to be the critical factor in securing outstanding outcomes, seems foolhardy.

2. Massive costs not focussed on improvement challenges

The proposal for school land to transfer from local authorities to the Secretary of State, and then in turn for these assets to be leased to academies, creates a double-whammy of legal costs. In Croydon, this would mean transferring 49 primary, 6 secondary (currently diocesan) and 6 special schools, (our primary schools are on average 1.7 ha in size): total transfer costs nationally are currently being expected to be in the order of £1.3 billion. In a context where such costs are not warranted for school improvement reasons (see above), this would be a massive waste of public funds, particularly so given the massive savings on public services that government is already imposing: due to central government savings, Croydon Council has also lost £100 million from its budget over the past four years, and, based on government forecasts, Croydon predicts a further loss to its budget of £56million over the next three years. Whilst the Council is managing as much of this shift through as much transformation and efficiency-generation as possible, such a level of savings cannot be achieved without a significant impact on local services – including early help and youth services for children and young people.

3. Lack of local accountability and limitations of challenge through national oversight

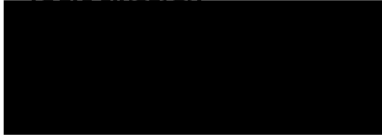
The positive impact of passionate commitment to improving a local area – in the form of both democratic accountability and parent governors – will be lost through the white paper proposals. The nationalisation of accountability, through the slim structure of Regional Schools Commissioners, and the Department for Education, will be insufficient to provide rigorous challenge to schools: we are already seeing the consequences of this in recent cases of financial mismanagement in academy chains.

For the above reasons, we urge you to reconsider the proposal for forced academisation of all schools.

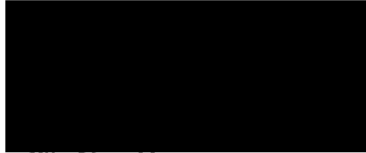


Should the government persist and legislate for these proposals, Croydon Council will put the best interests of the children and young people of Croydon first and try to make the policy work as well as possible. In these circumstances, we seek your assurances that central government will cover the full costs to Croydon Council of transferring community school assets to the Secretary of State.

Yours sincerely



Cllr Tony Newman
Leader of the Council



Cllr Alisa Flemming
Lead member for children



