

## **Schools funding update**

### **Purpose of report**

For discussion and direction.

### **Summary**

This report updates members on recent developments in schools funding issues.

### **Recommendation(s)**

That members note this report.

### **Action**

Officers to continue to provide updates to the Board.

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**Item 1**

## **Schools Funding update**

### **Schools' Funding Consultation**

1. The second stage consultation was published on 19 July. The LG Group put out a detailed briefing which is attached as **Appendix A**. The consultation will run for 12 weeks until Tuesday 11 October.
2. It makes detailed proposals for a new national funding system; which will **begin to be introduced either from 2013-14 or from 2015-16**. For 2012-13 the current 'spend plus' system will continue although the DfE may issue an exemplification of shadow amounts based on the new formula. The Government has dropped any proposal for a national funding formula with no authority discretion, although exactly how much discretion there will be is not yet clear.
3. Discussions with DfE officials will be continuing through the Task and Finish Group of the Ministerial Advisory Group, which will now be chaired by Cllr Simmonds, and the officer and official School Funding Implementation Group. The LG Group will also work with advisers and the ADCS on a response.

### **Capital**

4. The Government also published a consultation document on its response to the James Review; this also runs until October 2011. At the same time they made announcements of £500 million more basic needs capital in 2011-12 and a for a new PFI-based school rebuilding programme targeted at schools in the worst condition.
5. The LGA briefing on the schools funding announcements covers the main points of the consultation document; the key points are:
  - 5.1. The Government agrees with the James Review that there is a case for collecting basic needs data. It is consulting on what data should be collected.
  - 5.2. It agrees that they should move towards a single capital pot for allocating funding over the longer term, but the Government wants to consult more on how all local interests will be taken into account. It is also consulting on whether some of the ring-fenced programmes currently managed centrally should be ring-fenced programmes managed locally.
  - 5.3. The James review recommends a national procurement body. The Government is consulting on this and would like views on how current local or regional procurement arrangements provide better value for money for certain types of projects.

**Item 1**

- 5.4. The Government has announced that they will move to procure standardised national designs for schools - both for new, rebuilt and extended schools. There will be a further consultation on the schools' premises regulations.
6. The LG Group will consult with member authorities before drafting its response. There may also be further discussion at the Capital and Revenue Task and Finish Group.

**Academies funding**

7. As reported previously £148 million in 2011-12 and £265 million in 2012-13 is being removed from formula grant to pay for central education functions for academies. 23 authorities commenced legal action on the 2011-12 top-slice, with a further 6 authorities being given leave to join them. The authorities agreed to stay the legal action following the Secretary of State's agreement to reconsider the amount of the transfer for 2011-12 and 2012-13. This consultation was published on 19 July, with a four week deadline responses. Despite a letter from Baroness Ritchie the Government refused to extend this timetable.
8. The Chairman's covering letter (**Appendix B**) and the LGA's response to the consultation attached as **Appendix C**, shows our serious concerns about the methodology the government propose to adopt, which is not in accordance with the Government's own New Burdens Doctrine. This is because they still propose to calculate the top slice to be removed from local government on the basis of the additional amounts to be paid to academies as opposed to the actual savings in local government, which are substantially lower. The LGA's response provides detailed evidence of this.
9. In elaborating its response, the LGA worked with 32 member authorities, of all types, and with different numbers of academies, to estimate the real savings as well as the additional costs to authorities of setting up academies. We also worked with an independent firm of auditors (KPMG) in reviewing some of the savings, although given the time period it was not possible to extend this beyond four authorities.
10. The Government's response to the consultation is expected within the next month.

**Financial Implications**

11. None specific to this report.