

## **Spending Review announcements on education**

### **Purpose**

For discussion and direction.

### **Summary**

This report provides some further detail about the announcements in the Spending Review and Autumn Statement on 25 November about the ending of the council role in school improvement and the introduction of a national funding formula for schools, for discussion and comment by the Board.

### **Recommendation**

The Board is asked for initial views on the announcements, which will shortly be the subject of formal government consultation. The future role of councils in education will be discussed by the LGA Executive on 21 January and the Chair will report the outcome of the Board's discussion at that meeting.

### **Action**

Officers to take action as directed by members.

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## **Spending Review announcements on education**

### **Background**

1. The Spending Review and Autumn Statement announcement on 25 November included two significant announcements relating to education and schools:
  - 1.1. “The Spending Review and Autumn Statement represent the next step towards the government’s goal of ending local authorities’ role in running schools and all schools becoming an academy. Around £600 million savings will be made from the Education Services Grant (ESG), including phasing out the additional funding schools receive through the ESG. The Government will reduce the local authority role in running schools and remove a number of statutory duties. The Government will consult on policy and funding proposals in 2016.”
  - 1.2. “The Government will introduce the first ever national funding formula for schools, high needs and early years. A detailed consultation will be launched in 2016 and the new formulae will be implemented from 2017/18. There will be a transitional period to help smooth implementation.”
2. Both proposals will be the subject of formal consultation, possibly as early as February. This report provides some further detail following discussions with government and Members are asked to give their initial views to inform future LGA work in this area. The proposals relating to the future council role in school improvement will be discussed by the LGA Executive on 21 January and the Chair will report the outcome of the Board’s discussion to the Executive at that meeting.

### **The future council role in school improvement**

3. Education Services Grant is paid to councils for the schools they maintain and directly to academies at a current rate of £77 per pupil (but academies receive a higher rate as a result of DfE top-ups to dampen the effect of recent cuts). Councils also receive a rate of £15 per pupil for all pupils in all schools including academies for the duties they retain in relation to all schools. In 2015/2016 councils received £570 million out of a total of £815 million. ESG is not ring fenced, but is intended to support services such as school improvement, education welfare and school place planning.
4. It is understood that the £600 million of ESG savings will not be fully implemented until after the 2016/17 financial year for councils and 2016/17 academic year for academies. This will give time for consultation and for the passage of the legislation needed to achieve the savings by removing duties from councils.
5. Early this year there will be a consultation on the removal of statutory duties and the detail of how the cuts will fall, followed by a Bill. It appears that the main duty the Government is looking to remove is the overarching duty on councils “to exercise their relevant education functions with a view to promoting high standards”, but the consultation will look at the full range of council education duties.

6. This overarching educational standards duty is the legislation that Ofsted have relied on to inspect councils on their school improvement support and also to hold them to account for the performance of academies – an accountability that the DfE has disputed. A number of councils have asked for greater clarity in this area and the removal of this duty would provide greater clarity and would be likely to end the legal basis for Ofsted inspection of council school improvement support.
7. It is understood that the Government's ultimate aim is to end the council role in school improvement, with schools unambiguously responsible for their own self-improvement. This will be supported by an expansion of the infrastructure developed during the last Parliament of teaching schools and National Leaders of Education and Governance and a strengthening of their accountability for supporting a self-improving schools system. It will be underpinned by increasing numbers of schools working together in Multi-Academy Trusts. Although the powers of Regional Schools Commissioners are being enhanced in the current Education and Adoption Bill, they will not be responsible for driving school improvement, but for intervening in failing and coasting schools.
8. There will be no compulsion on schools to become academies, but the Government expects that the clear expression of its policy intentions in this area and a more challenging financial climate will encourage more to convert to gain the advantages offered by Multi-Academy Trusts. The new legislation requiring coasting and inadequate maintained schools to become sponsored academies would also have an impact.
9. There is likely to be a continuing council role in education in other areas, including:
  - 9.1. place planning, admissions and home-to-school transport;
  - 9.2. supporting pupils with high needs and looked after children;
  - 9.3. acting as champions of parents and pupils;
  - 9.4. safeguarding, extremism and children missing education and in unregulated settings.
10. The formal consultation and the forthcoming Bill will provide the LGA with many opportunities to give a view on these proposals and it will not be possible to take a definitive view until the detail is published. However, it would be helpful to have an initial steer from the Board on the basis of the statements made in the Spending Review.
11. To gauge a wider range of views, the LGA has commissioned an opinion poll of parents and the results will be available by the time of the meeting. We will also carry out a survey of Lead Members for Children's Services to gauge the views of councils.

### **The introduction of a national funding formula for schools**

12. The other major education announcement in the Spending Review was a consultation on a national funding formula for schools, to be consulted on early this year and implemented from 2017, with significant transitional protections for individual schools. It is understood that councils will continue to have a role in schools funding during the transition, but it is likely there will be a significantly reduced council role – or possibly no role - once the new formula is fully implemented.

13. The Board will recall that considerable work was done on the development of a fairer funding formula for schools during the last Parliament, but this was deferred and additional funding given to the least well-funded councils to make the system fairer.
14. The LGA has supported the introduction of a fairer national funding formula for schools. However, introducing a new national formula will inevitably create losers so we have argued that it is essential that it is introduced in a phased way to protect those schools facing a relative reduction in budgets. Councils already play an important role in supporting schools to cope with funding changes and we have urged the government to allow for local discretion to be applied to any national formula to take into account local needs and priorities.