



SCHOOLS FORUM

DfE Consultation on Simplifying the Administration of Academies Funding

June 16 2014

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. The DfE released a consultation which considers the administration of academy funding on 1 May 2014 which, if enacted, will have implications for local authorities and the allocation of Dedicated Schools Grant (DSG). This report presents the local authorities response on the consultation.

Recommendation

2. That Schools Forum notes Leicestershire County Council's response to the consultation.

Introduction

3. For most academies DSG is received by local authorities, the local authority calculates the academy budget by application of the school funding formula and then the DfE recoup that funding from the local authority and give the funding allocation to the academy.
4. There are currently exceptions to the funding process for 'non-recoupment' academies, these are very early academies or providers such as studio schools and free schools. For these providers the DfE directly calculate the school budget by replication of the local authorities school funding formula and fund the schools directly. Local authorities receive no DSG for the pupils in these schools, this consultation is proposing to change this position and include these providers in the system described in paragraph 3 above.
5. The proposed changes will require local authorities to treat free schools and non-recoupment academies equally in terms of funding, this will result in these providers having access to local authority centrally managed school budgets which will include any funding established within local authorities to fund growth in pupil numbers and provide diseconomies of scale funding for new schools in line with local authority policies.
6. Whilst the consultation proposes a funding transfer into DSG for the number of pupils educated by free schools and non-recoupment academies, it is not making any proposal to transfer funding that the EFA currently allocate to these providers independently from the funding formula for growth in pupils or dis-economies of scale. Local authorities would be required to provide funding, guided by their own policies, from current resources. The DfE are proposing that in the first year of opening local authorities would not be responsible for costs but would become responsible for year 2 onwards. Costs may be significant and to meet them from current funding is not in line with the New Burdens Doctrine which requires local authorities to be funded for new responsibilities. Growth for the studio schools could become an issue as early as September 2015.
7. The three studio schools will be required to be funded alongside other Leicestershire schools. Currently Leicestershire does not have any funding set aside for in year growth in pupil numbers although notionally £1m of funding is set-a-side in the DSG reserve for this purpose. Additionally it will be necessary to engage the schools in any discussions or consultations on

changes to the local authority formula and decisions on the allocation of school funding.

8. The current schools budget includes centrally managed budgets for historic agreements for school admissions & pupil services and schools causing concern, by their very nature these relate to historic costs and been assumed to be outside the scope of services the schools would be able to access. The DfE have negotiated national agreements for some copyright licences and it is uncertain whether these arrangements would be expanded to free schools and non-recoupment academies.
9. A further concern has been included in the response regarding the financial impact of any future age range changes in the studio schools for which funding would also fall to the local authority under these proposals.
10. The consultation response is attached as Appendix 1

Resource Implications

11. Resource implications are detailed in the main body of this report. It is not possible to precisely quantify the financial implications from these proposals, no data is available to set out how the EFA have funded start-up costs or growth for the three studio schools in Leicestershire nor is there information about the future establishment of similar provisions or free schools.

Equal Opportunity Issues

12. These changes, if implemented, will result in all schools being funded on the same basis and should remove any favourable or adverse funding implications arising from any individually funded institutions.

Background Papers

The consultation can be viewed at;

<https://www.gov.uk/government/consultations/academies-funding-simplifying-the-administration>

Officers to Contact

Jenny Lawrence
Finance Business Partner – CYPS



Department
for Education

Consultation Response Form

Consultation closing date: 2 June 2014
Your comments must reach us by that date

**Simplifying the administration of
academies funding**

If you would prefer to respond online to this consultation please use the following link: <https://www.education.gov.uk/consultations>

In order to help with the analysis of consultation responses please use the online system wherever possible. If for exceptional reasons you are unable to use the online system, for example because you use accessibility software that is not compatible with the system, you may use this version of the form.

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please tick if you want us to keep your response confidential.	<input type="checkbox"/>
Reason for confidentiality:	

Name: Jenny Lawrence	
Please tick if you are responding on behalf of your organisation.	<input checked="" type="checkbox"/>
Name of Organisation (if applicable): Leicestershire County Council	
Address: County Hall, Glenfield, Leicester, LE3 8RF	

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail:

consultation.unit@education.gsi.gov.uk or by telephone: 0370 000 2288 or via the GOV.UK '[Contact Us](#)' page.

Please mark the box that best describes you as a respondent.

<input type="checkbox"/> Maintained school	<input type="checkbox"/> Academy	<input checked="" type="checkbox"/> Local authority
<input type="checkbox"/> Governor	<input type="checkbox"/> Bursar	<input type="checkbox"/> Parent
<input type="checkbox"/> Schools forum	<input type="checkbox"/> Trade union organisation	<input type="checkbox"/> Other

Please specify:

1 Do you agree in principle with our proposal to convert non-recoupment academies to recoupment academies in 2015-16?

<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Not Sure
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Comments:

It feels appropriate that all academies are funded within the same system. These proposals however do not simplify the administration but simply move the administration from the EFA to local authorities.

2 Do you agree with our proposed methodology for calculating additional funding to be added to the local authorities' dedicated schools grant to take account of recoupment for former non-recoupment academies?

<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Not Sure
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Comments:

We would agree the calculation of funding for non-recoupment academies should be consistent with that for other academies and a single system is appropriate for all. However, there appears to be no recognition that by incorporating non-recoupment academies in the same school funding system as other academies they will be able to access local authority centrally maintained funding and specifically local authority funding set aside within the Schools Block Unit of Funding for centrally managed services. Local authorities cannot be expected to accept this financial liability without the appropriate level of funding, nor can it incorporate costs for items such as copyright licences for non-recoupment academies within current resources.

There is no clarity on whether free schools and non-recoupment academies would be able to access services provided through services funded by budgets held for historic financial commitments. Confirmation that new schools should not be able to access these services would be welcomed.

The significant issue is where new schools are established and numbers are growing to capacity, it is not appropriate that local authorities under these proposals would be required to provide growth funding or dis-economies of scale funding in line with other schools without receiving any additional resource to allow it to do so. With no funding transfer there would be a detriment to the services currently provided by that funding.

This approach does not appear to be consistent with the New Burdens Doctrine as this is a shift of funding and financial liability.

- 3 Do you agree with our proposed treatment of minimum funding levels within that calculation?

<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Not Sure
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Comments:

It does not feel appropriate that there are different minimum funding guarantee requirements for different groups of schools and academies. The level of minimum funding needs to be consistently applied to all schools irrespective of their status which is not currently the case.

In the future local authorities should not be left providing any funding for minimum funding levels to academies over and above the minus 1.5% per pupil in place for maintained schools. It is essential that any justified variation to minus 1.5% is funded by the Department for Education.

- 4 Do you agree with our proposal for calculating recoupment for former non-recoupment academies, including treatment of the minimum funding guarantee?

Agree

Disagree

Not Sure

Comments:

It would appear to be appropriate however we would not wish to see the local authority with funding responsibilities in the future from differential rates in different types of schools.

- 5 Do you agree with the proposal to recoup funding when pupils leave the local authority maintained sector (or other school funded through the dedicated schools grant) to join a new or expanding free school?

Agree

Disagree

Not Sure

Comments:

Education provision in Leicestershire is transforming rapidly as schools change age ranges. In order to respond to this changing landscape it has been necessary to seek changes to pupil numbers to reflect changing rolls at the commencement of the academic year which is not adequately catered for within the current funding system. If the current 14-19 studio schools were to consider changes to age ranges it would not be appropriate that Leicestershire was required to find a funding solution for such changes, nor for it to be funded by other schools and the current Dedicated Schools Grant settlement.

We would also like to seek some confirmation that the planning processes at the Department for Education are sufficiently robust to allow for the identification of new free school pupil numbers within the December funding settlement for a free school opening in September of the following year. If a process is not in place local authorities will be poorly placed to respond to these proposed changes.

Local authorities cannot be expected to provide funding for growth in new free schools and non-recoupment academies without additional funding being placed into the Dedicated Schools Grant settlement. Local authorities are not included within the planning process for new Free Schools nor involved in establishing pupil estimates. To fund growth would be a new and inappropriate financial burden.

The consultation document refers to the agreement of financial plans. If this proposal was to be accepted then local authorities would need sight of, be able to comment upon and give a view on the realistic nature of pupil numbers and the financial plan.

- 6 Do you agree that, if recouping funding when pupils leave the local authority maintained sector (or other school funded through the dedicated schools grant) to join a new or expanding free school, our proposal not to recoup in the first year is a fair solution?

Agree

Disagree

Not sure

Comments:

It is not appropriate that local authorities under these proposals would be required to allow access to growth funding or dis-economies of scale funding without receiving any additional resource to allow it to do so as this would be an additional financial liability. The Education Funding Agency currently funds growth and start-up costs in Free Schools and this funding should be appropriately targeted to ensure that local authorities are appropriately funded. It is difficult to envisage that the current Dedicated Schools Grant methodology would be an appropriate vehicle for this given that the establishment of free schools is not consistent across authorities. The impact could be significant for individual authorities.

The recoupment process for ordinary academies ensures that funding removed from the local authority and allocated to the new academy are on a consistent basis and the pupils moving from one system are the same as the pupils moving into the academy system. In terms of a new Free School, especially in the first year of opening and as student numbers increase, students may be drawn from authorities other than the one in which the provision is located, this may be more acute where new schools are located close to authority boundaries but also when they are established and operated by providers that may be from outside the authority.

Not to recoup in the first year provides some protection but it would not be appropriate to recoup funding for pupils admitted into the Free School from other authorities unless the full pupil count was included within the revised Dedicated Schools Grant calculation.

Whilst this consultation does not ask about the impact of these changes on operational procedures we would also like to bring to the attention of the Department for Education the additional administrative processes that will need to be established to ensure that free schools and non-recoupment academies are fully engaged with school finance issues. This is especially important given the context of reducing staffing in local authorities, a school finance system that appears to be growing in complexity despite a government policy of simplification and that free schools and non-recoupment academies have often not been planned as a result of the identification of a local need for school places.

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply.	
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Email address for acknowledgement:

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, please confirm below if you would be willing to be contacted again from time to time either for research or to send through consultation documents?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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All DfE public consultations are required to meet the Cabinet Office [Principles on Consultation](#)

The key consultation principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before
- departments will need to give more thought to how they engage with and use real discussion with affected parties and experts as well as the expertise of civil service learning to make well informed decisions
- departments should explain what responses they have received and how these have been used in formulating policy
- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

Completed responses should be sent or emailed by 2 June 2014.

Send by post to:

Anthony Wilson
Department for Education
Mowden Hall
Area 2B
Staindrop Road
Darlington
Co Durham
DL3 9BG

Send by email to: NRA.CONULTATION@education.gsi.gov.uk

If you have any comments on how DfE consultations are conducted, please contact Aileen Shaw, DfE Consultation Co-ordinator, tel: 0370 000 2288 / email:

aileen.shaw@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.