

Report of Director of Children's Services

Report to Scrutiny Board (Children's Services)

Date: 21 July 2016

Subject: The implications of academies for the Leeds Children's Services and education in general.



Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- Over the last few years the Scrutiny Board has received a number of reports that advised on government policy and provided updates on the number of schools in Leeds that had converted to academy status. The past papers have covered the freedoms that academies have, their regulatory process, and the impact on attainment.
- Recently the government strengthened its stance on academisation with the publication of the white paper Educational Excellence Everywhere on 17th March 2016. Central to the government's vision is the expectation that all schools will become an academy and that local authorities will have to stop delivering services to schools and simply champion the rights of parents and communities.
- Whilst the white paper is not law, it has heightened awareness of the drive to academise all schools and created a financial and political climate nationally that favours conversion.
- Leeds schools are not, as yet, looking to convert to academies in large numbers, but many are discussing the options and are looking to the local authority to support them within a Leeds learning community.
- Leeds City Council continues to neither encourage nor discourage a school's move to academy status. It does expect that any change in status is seen as a move to enhance the teaching and learning experience for children and improve

attainment. We would aim to ensure that governing bodies have all the facts and information to make an informed choice whilst looking carefully at the alternatives as well as the potential benefits and pitfalls of such a decision. Leeds will continue to work with any school that becomes an academy in order to maintain a strong link with their own community and the city wide learning community.

6. This report covers the place academies have in education, the role of the local authority and the financial implications of academisation as well as providing an update on the number of academies within Leeds.

Recommendations

1. The Scrutiny Board are recommended to note the contents of this report and make comments.

1 Purpose of this report

- 1.1 The purpose of this report is to provide information on the place academies have in education, the role of the local authority, the financial implications of academisation and the number of academies within Leeds.

2 Background information

- 2.1 All children in England between the ages of 5 and 16 are entitled to a free place at a state school. Most state schools have to follow the national curriculum and the most common ones are:

Community schools which are run by the local authority employ school staff, owns the land and buildings, and sets the entrance criteria.

Foundation and Trust schools are run by a governing body which employs the staff and sets the entrance criteria. Land and buildings are owned either by the governing body or by a charitable foundation. Trust schools are similar, but are run together with an outside body – usually a business or charity – which has formed an educational trust.

Voluntary-aided schools are religious or faith schools. The governing body employs the staff and sets the entrance criteria. School buildings and land are usually owned by a charity, often the church.

Voluntary-controlled schools are a cross between community and voluntary-aided schools. The local authority employs the staff and sets the entrance criteria, like a community school, but the school land and buildings are owned by a charity, often the church, which also appoints some members of the governing body.

An academy is a state funded independent school. Academies don't have to follow the national curriculum and can set their own term times. They still have to follow the same rules on admissions, special educational needs and exclusions as other state schools. Academies are funded direct from the government, not the local council and they're run by an academy trust which employs the staff. Academies can be single schools, or they can be part of a **multi-academy trust** (MAT) where a single **trust** is responsible for a number of academies. The MAT consists of the members and the trustees.

Free schools are also academies, funded directly by central government. They are run on a not-for-profit basis, and can be set up by groups like: charities, universities, independent schools, community and faith groups, teachers, parents or businesses.

There are two types of academy:

- (1) Converter academies are higher attaining schools that have chosen to convert to academy status.
- (2) Sponsored academies are usually set up to replace "under-performing schools".

Appendix 1 presents information on both academy types in Leeds.

- 2.2 In July 2010, the Government introduced legislation (The Academies Act 2010) to make it possible for all schools to become academies, including primary and special schools. This legislation was subsequently amended by the Education Act 2011.
- 2.3 The white paper 'Educational Excellence Everywhere' sets out the government's plans for education for the next five years and indicates the government's intention that all state schools become academies. As more schools convert to academies, the government would expect a Council's responsibility for running schools to shrink and ultimately cease with a consequential impact on a range of support services to schools. Whilst the role of local authorities will change, they will still retain responsibility for educational duties in three core areas:
- Ensuring every child has a school place
 - Ensuring the needs of vulnerable pupils are met
 - Acting as champions for all parents and families
- 2.4 Wider implications for local authorities within the white paper include a potential loss of assets through the proposal that when a local authority's community schools convert to academy status, land held by the authority for those schools would transfer to the Secretary of State.
- 2.5 The government's policy direction has prompted some councils to consider setting up not-for-profit companies, derived from their existing support service arrangements to schools in order for them to become independent. The local authority, however, would only have a 20% stake in this new company and schools could join as partners.
- 2.6 There has been mounting criticism of the government's plans to 'force' all schools, regardless of their performance, to become academies. As a result, the government has decided that whilst they are still determined to see all schools become academies, it's not necessary to draft legislation to bring about blanket conversion of all schools to achieve this goal.
- 2.7 The government will revert to focussing their efforts on those schools most at risk of failing pupils whilst encouraging good and outstanding schools to "seize the opportunities" of conversion and to take the lead in supporting other schools as part of multi-academy trusts.
- 2.8 In addition, the government will bring forward legislation which will trigger conversion of all schools within a local authority in 2 specific circumstances:
- first, where the government considers 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 would 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, although the threshold is yet to be defined.

2.9 Since the last report in October 2013, the number of academies in Leeds has increased from 29 to 45.

2.10 **Summary of primary provision in Leeds**

There are 25 primary academies in Leeds, equating to 11% of all primary schools. Since the last report there have been 12 conversions, of which six were converter academies and seven were sponsored academies.

There have been 5 primary converter academies since the last update to scrutiny: St. Chad's CE Primary (Abbey Multi-Academy Trust), Morley Newlands Primary (Gorse), Westerton Primary (Leodis Academies Trust), East Ardsley Primary (Leodis Academies Trust) and Hill Top Primary (Leodis Academies Trust).

There have been 7 primary sponsored academies since the last update to scrutiny: Rothwell CE Primary (LEAF) Ryecroft Primary (Gorse), Nightingale Primary Academy (new school - The Co-operative Group), Holy Name RC Primary (The Bishop Wheeler Academy Trust), Victoria Primary (Wellspring Academy Trust), Hillcrest Primary (Gorse) and Ebor Gardens Primary (Wellspring)

There are five primary converter conversions in process, all joining The Brigshaw Learning Partnership: Allerton Bywater Primary, Swillington Primary, Kippax Ash Tree Primary, Kippax North Junior & Infant and Kippax Greenfield Primary.

There is one sponsored primary conversion, Christ the King RC Primary School but the sponsor is yet to be confirmed.

2.11 **Summary of secondary provision in Leeds**

There are 20 secondary academies, equating to 50% of all secondary schools. Since the last report there have been 4 conversions, of which one was a converter academy and three were sponsored academies.

There has been 1 secondary converter academy since the last update: Cockburn School

There have been 3 secondary sponsored academies since the last update: John Smeaton Community High School (United Learning Trust), City of Leeds School (White Rose Academies Trust) and Bruntcliffe School (Gorse).

There is one secondary conversion in progress: Brigshaw School (The Brigshaw Learning Partnership) and there are two secondary sponsored conversions in process: Elmete Wood BESD (Wellspring Academy Trust) and Royds School (Interserve Academies Trust).

3 Main issues

Financial implications of the government's agenda for academisation

3.1 Introduction of a National Funding Formula (NFF) for schools

Consultation on the introduction of a new National Funding Formula (NFF) for schools was launched in March 2016 and reinforces the government's direction of travel in terms of significantly reducing the role of local authorities in running and supporting schools. The consultation also gives an indication of the scale of reduction in Education Services Grant (ESG) Councils will face in 2017/18 and beyond – which for Leeds is expected to be £4.2M for 2017/18 (equivalent to a 49% reduction on the 16/17 grant allocation of £8.5M), with a further reduction of at least £2.4M expected in 2018/19.

3.2 Dedicated Schools Grant (DSG)

All schools, including academies, are funded from the Dedicated Schools Grant (DSG). Academies are funded through the same funding formula as maintained schools for pupils aged between Reception and Year 11 and their share of DSG is deducted from the Council's share of DSG before it is received.

3.2.1 The current DSG figure for Leeds academies is approximately **£139M** and for Leeds Maintained schools **£316M**. If all Leeds schools become academies then this would also transfer to academies.

3.2.2 DSG also funds education provision for pupils aged 0-5yrs for the free early education entitlement (via the Early Years Block) and funds education provision for pupils who have special educational needs or require alternative provision (through the High Needs Block). These services remain the responsibility of the Council no matter how many schools become academies and the regulations stipulate that academies should be treated no differently to maintained schools when spending decisions are made.

3.3 Education Services Grant (ESG)

The Council has to provide some statutory education services to all schools, including academies, and this is funded from the **Education Services Grant (ESG) Retained Duties Rate**. The ESG Retained Duties Rate is calculated at £15 per pupil and covers a range of service obligations such as:

- strategic planning for the education service
- preparing revenue budgets for inclusion with the Council's Statement of Accounts
- conducting an external audit of grant claims and other returns pertaining to education
- working with schools & academies to investigate what actions are needed to ensure their pupils are safeguarded

- making arrangements to identify children not receiving education and taking appropriate remedial action
- 3.3.1 The ESG also funds some services that are exclusively provided for maintained schools. This means that when a school converts to academy status the Council's ESG is reduced and passed on to the academy. This funding is known as **ESG general funding** and is currently calculated on the basis of £77 per pupil. Consequently, if a school with 1,000 pupils converts to an academy, then the Council loses £77K of ESG.
- 3.3.2 A list of ESG general and retained statutory duties is available in **appendix 2**
- 3.3.3 ESG General funding is intended to cover a range of services including:
 - School Improvement – actions to support the improvement of standards within maintained schools
 - Human Resources – including the conducting of suitability checks of employees or potential employees, new appointments and terminations of employment
 - Finance – including monitoring each school governing body's arrangements for budget management
 - Health & Safety - ensuring compliance with Health & Safety at work legislation.
 - Religious Education – setting up a standing Advisory Council on Religious Education (SACRE)
 - Payroll – payment of teachers' and employer's pension contributions to the appropriate bodies
 - Asset Management – ensuring that school buildings have appropriate facilities for pupils and staff, safe escape routes, adequate water supplies, drainage etc.
- 3.3.4 Some services (e.g. School Improvement) may continue to trade with academies and so where this happens, the Council receive income from the academy rather than from ESG. Based on the current estimated number of pupils in academies, the ESG funding that has transferred to academies so far in Leeds amounts to approximately **£2.5M** per annum.
- 3.3.5 Over the last 4 years the retained duties rate of ESG has remained unchanged at £15 per pupil whilst in contrast, the general funding rate for pupils within mainstream schools and academies has fallen by almost 34% (from £116 per pupil in 2013/14 to £77 per pupil in 2016/17). Based on current pupil numbers, this equates to a reduction in general ESG funding of approximately £3.3M per annum from the 2013/14 baseline.
- 3.3.6 Consultation on the introduction of a new National Funding Formula (NFF) for schools was launched in March 2016 and re-inforced the government's direction of travel in terms of significantly reducing the role of local authorities in running and supporting schools. The consultation gave an indication of the scale of reduction in ESG that Council's will face in 2017/18 and beyond.

3.3.7 Based on the government's plans to pay a reduced rate general rate of ESG from April '17 before ceasing ESG general funding completely from September '17, it is estimated that Leeds faces a reduction in ESG of approximately £4.2M in 2017/18, with a further £2.4M reduction expected in 2018/19.

3.3.8 At this stage it is not known whether the government's decision to allow good/outstanding schools to retain their maintained status will mean ESG funding has a future beyond September 2017.

3.4 De-delegation of DSG Funding

Leeds' Schools Forum has the discretion to de-delegate DSG funding (annually) from LEA maintained schools for a range of functions and these schools are canvassed for their opinions. For 2016/17 the amount of DSG de-delegated from schools totals £4.9M as follows:

• Maternity & Other Cover	£1.9M
• School Contingency	£1.0M
• Support to underperforming ethnic minority groups	£0.5M
• Trade Union Duties	£0.5M
• School Library & Museums service	£0.6M
• Free School Meals Eligibility	£0.2M
• Other	£0.2M

3.4.1 When the National Funding Formula comes into being, the local authority will lose the ability to de-delegate these funds and will no longer be able to provide these services to schools.

3.4.2 It is anticipated that Schools Forum will continue to have the discretion to de-delegate funding until the new National Funding Formula for schools is fully implemented from 2019/20.

3.5 Top-Slicing of DSG for 'Historic Commitments'

The DfE allow local authorities to top-slice and retain an element of DSG centrally in order to fund a range of historic commitments. For Leeds this top-slice currently amounts to £8.5M and is committed to the following areas:

• Cluster Arrangements	£5.2M
• Admissions	£1.1M
• Equal Pay (Historic Claims)	£1.0M
• Prudential Borrowing	£0.5M
• DfE Central Licences	£0.5M
• Other	£0.2M

3.5.1 Within the 'Other' services funded via top-sliced DSG, we have 3 relatively small services, including Headteacher Support 1 post, 2 people), School Support Staff Training (1 post) and a Carbon Reduction Service – all 3 services amounting to approximately £50K each.

- 3.5.2 As part of the new NFF arrangements, the DfE are currently considering which commitments they will recognise in the future and which they will not. Those commitments which the DfE do recognise and agree to fund in future will be included within a new Central DSG block with effect from 2017/18. Those commitments that the DfE do not recognise will need to either trade with schools and/or find alternative sources of funding or face the prospect of being reduced (or ceased).
- 3.5.3 The DfE have already notified the Council that the £5.2M of DSG top-sliced funding for clusters will be transferred into delegated school budgets from April 2017 and at this point, schools will have the option of continuing to utilise this delegated funding to sustain the cluster arrangements.

3.6 Leeds Children's Services Conversion Costs

When a maintained school converts to academy status, a number of legal documents are put in place which formally detail the transfer of land, property, assets and staff, and the corresponding liabilities and obligations that will exist between Leeds City Council and the sponsor / academy. There are 2 main documents that are required for all conversions: a 125-Year lease and a Commercial Transfer Agreement (CTA).

- 3.6.1 Under the Academies Act 2010, Leeds City Council is statutorily required to grant a 125-year lease to each academy sponsor at nil cost. In the case of PFI schools, the academy only becomes liable for repair, maintenance and insurance of the buildings once the PFI contract expires.
- 3.6.2 Each academy conversion has its own set of land and asset issues to be considered during conversion. Whilst there is a Department for Education model template lease, each lease needs to be reworked and negotiated to take into account site specific issues.
- 3.6.3 In the case of faith based schools, most of the land and property should have already transferred freehold to the relevant faith body (e.g. Diocese) under the School Standards and Framework Act and a lease is therefore not required, however there are a number of school sites across the Leeds Estate whereby these transfers are still being agreed.
- 3.6.4 The purpose of the Commercial Transfer Agreement is to legally document the transfer of staff, assets and contracts from LCC and the School Governing Body to the Academy Trust. Under the Academy legislation, all staff employed at the school will transfer from Leeds City Council to the Academy under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). The CTA provides for apportionments of payment of salaries, pension contributions, etc. and indemnities from both parties in relation to employment matters, although it should be noted that in the case of Foundation/Trust school, the staff will be employed by the Governing Body rather than LCC, and the CTA will reflect this position. It also details the transfer of liabilities for contracts that the Governing Body have entered into and also the funds in any applicable bank accounts.

- 3.6.5 In Leeds there are 13 primary schools, 8 secondary schools, and 8 academies that were designed, built and funded under the Private Finance Initiative (PFI) and are subsequently operated and maintained by the Private Sector for a period of at least 25 years. Leeds City Council continues to manage the PFI contracts irrespective of the school's status. An Academy Trust is required to pay a fee to LCC for this service, typically £5k for a primary and £10k for a secondary school.
- 3.6.6 The level of legal costs incurred by Leeds Children's Services in relation to the drafting of leases for each particular conversion is determined by the complexity of the site issues and the subsequent extent of legal work required to resolve these complexities and issues.
- 3.6.7 To date, the academy conversion costs for the 45 converted academies and the 9 currently in progress, have totalled over £1m. Leeds Children's Services receive no funding from the Department for Education nor historically from the Academy Trust to cover these costs.
- 3.6.8 The major factor within the conversion costs is the PFI dimension, as on top of the costs for Legal Services and City Development, there are also costs incurred through Public Private Partnership and Procurement Unit (PPPPU) for negotiating the PFI transfer documents. In addition, PFI Funder's Advisors costs arise. In effect, this means that PFI conversions are at least five times more expensive than non-PFI conversions.
- 3.6.9 Most Local Authorities are now starting to recharge the legal costs they incur in facilitating conversions where schools elect to convert. LCC has been in discussions with the DfE for a number of years regarding a recharging policy and in November 2015, a consensus was reached between both parties, although it must be stressed that whilst the DfE are aware of and acknowledge this position, they do not officially support or accept the position.
- 3.6.10 The schedule of charges to schools opting to convert to Academy status (please note that this does not apply to sponsored conversions), are as follows:

3.6.11 **NON-PFI SCHOOLS**

Fee Proposal:

- Community Primary – Flat fee of £4,500
- Community Secondary – Flat fee of £7,000
- Foundation Schools (Primary and Secondary) – Negotiable fee (£1,500 to £2,500) to reflect the reduced legal workload required.

3.6.12 **PFI SCHOOLS**

Fee Proposal:

- First school conversion within a multi-school PFI contract – Capped fee of £20,000 for internal legal fees plus full reimbursement of actual external third party costs (PFI funder/consortium/legal fees).

- Future PFI Primary & Secondary – Capped fee of £15,000 plus full reimbursement of actual external third party costs (PFI funder/consortium/legal fees).

3.6.13 Based on the typical cost of conversion for different categories of school, it is estimated that the total cost of conversion for the remaining 200+ LEA maintained schools would be approx. **£4M**.

3.6.14 **Treatment of School Deficits/Surpluses on Conversion**

Where a school chooses to convert to an academy the council is required to transfer school surpluses or deficits over to the successor Academy Trust.

Where a school is forced down the academy route, however, and joins the Academy trust of an external sponsor, any school deficit remains with the Council to be funded from base budget.

3.7 **Traded Services**

The 0-19 learning improvement traded service responds to the ambitious city-wide commitment through the Children and Young People's Plan to accelerate improvements in learning outcomes for all children and young people in Leeds. It is strategic and proactive in increasing the number of schools judged by Ofsted to be good or outstanding, reducing the number of schools below DfE floor targets and aims to raise standards at all key stages by increasing rates of progression, particularly in English and mathematics, and closing the attainment gap for vulnerable groups.

In the new educational climate, especially with the academy programme, schools have greater autonomy, however, to improve outcomes the traded service talks with schools, recognises and acts in response to need. The aim is to build on the strong culture of school to school collaboration across the city. It is designed, therefore, to stimulate professional growth and ensure future leadership sustainability through principles of partnership, area-based networking and capacity building within and across Leeds schools.

3.7.1 **Children's Services Trading Arrangements with Schools and Academies**

In 2015/16 Children's Services generated income from schools & academies of £4.4M across 16 services, of which only 2 services, namely Governors Support and Deaf Start, may be deemed to be 'fully charged' (i.e. funded wholly from traded income)

3.8 **The Government's Vision for the Role of the Local Authority in the Future**

The government envisage that local authorities' involvement with schools will continue to shrink, and as a result there will a significant impact on a range of support services to schools:

"instead of running schools or school improvement, local authorities will focus on delivering their core functions, working as partners"

with the schools system of the future and as champions for parents and the local community.”

3.8.1 Identified Risks/Opportunities

In the move towards the new school-led system the White Paper re defines the role of local authorities. This will see the relationship between local authorities and schools being defined by three core duties:

- ensuring that every child has a school place
- ensuring the needs of vulnerable pupils are met
- acting as champions for all parents and families

Steps have already been taken in Leeds towards reshaping the work of Learning Services and Universal Skills to focus on developing a more sector lead approach to school improvement. The Leeds Learning Partnership links the strength of the 0-19 School Improvement Team with the best practitioners within schools, delivering quality ‘Continued Professional Development’ (CPD) across the city. There are strong links with the Teaching Schools in Leeds, who join with Senior School Improvement Advisors to create a Collaboration of Leeds Teaching Schools (COLTS). We maintain close links with the majority of Multi Academy Trusts across the city and all partners were involved in developing the ‘Best City for Learning’ strategy which actively encourages schools to work together in Learning Alliances; focussing on a teaching and learning agenda.

Leeds still has a strong Traded Service within the 0-19 improvement team and still has quality advisory teachers that work directly with schools, or increasingly Learning Alliances, to challenge and support.

3.8.2 Implications

If the school-led system continues to evolve with the move towards a fully academised system, Leeds will need to ensure that it has further developed its relationships with schools to reflect the changing respective roles and responsibilities of the Regional Schools Commissioner (RSC), Academies and the Local Authority. The White Paper proposes a new school system which will be no longer be defined by historical geographical boundaries and in order to ensure that the children of Leeds continue to achieve the best possible experience of education it will be important to work proactively with both multi-academy trusts and sponsors to ensure that the local authority is able to be an effective champion for all children, parents and families.

A summary of the white paper, ‘Educational Excellence Everywhere’ is available in **appendix 3**.

3.9 The authority's power to intervene

- 3.9.1 The local authority has little power to intervene in academies. If Leeds has concerns about safeguarding, the delivery of special educational needs or attendance then we can directly approach the school. Academies cannot flout rules on fair access for looked after children or discriminate against pupils or families.
- 3.9.2 If Leeds has concerns about an academy it must report these to the Regional School Commissioner or to Ofsted as they hold the accountability for academies and free schools.

4.0 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is an information report and as such does not need to be consulted on with the public.
- 4.1.2 Further collaboration is required across Children and Young People's Services, Corporate Governance, Resources and City Planning to establish a greater understanding of the implications of structural change of Leeds schools.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This is an information report, rather than a decision report and so due regard is not relevant.
- 4.2.2 The issue of how to ensure that all children receive equal opportunities of the same highest standards of provision across all Leeds schools needs to be further addressed.

4.3 Council policies and Best Council Plan

- 4.3.1 As mentioned above, through the vision for Leeds to become the best UK city and within this, the best city for children and young people to grow up in, we have outlined an ambition to become a child friendly city. This is one of the key objectives of the council plan. Realising this ambition requires a co-ordinated partnership approach across the city where all organisations, including schools that are working with and for children and young people contribute to each other's efforts and successes. As such, academies are an important part of our city-wide approach and it is crucial that, in line with the model outlined in this report, they both support and complement other local services that work with children and families, as well as being able to benefit from those services.

4.4 Resources and value for money

- 4.4.1 This report covers issues on resources and value for money such as; the National Funding Formula, service/officer costs, recovery costs of past conversions, new trading implications, and land transfer (assets maintenance).

4.5 Legal Implications, Access to Information and Call In

This report is an information update providing Scrutiny with a summary of the implications of academisation and as such is not subject to call in. Information on the legal issues around conversion including land transfer are discussed in section 3.6.

4.6 Risk Management

- 4.6.1 Risks may arise from a number of causes for example; land transfer issues, PFI indemnities, checking maintenance of leased buildings, communications on safeguarding information, exclusions, admissions, SEN duties and equal opportunities.
- 4.6.2 Identified risks and opportunities regarding the government's vision and the role of local authorities are discussed in section 3.8.1.

5 Conclusions

- 5.1 Although the government has revoked its decision on forced academisation, academies are still likely to have a strong role in the future educational landscape. Although not law, the white paper 'Educational Excellence Everywhere' provides an insight into the government's vision for academies and the role of the local authority.
- 5.2 It will be necessary to keep abreast of the government's proposals in relation to funding for Education and Schools and the academisation agenda as the government has still to finalise their position and clarify the role of LEA's in the provision of education support services in future.
- 5.3 The Council needs to produce a balanced medium term financial strategy which addresses the general reduction in our local government finance settlement as well as specific grant reductions and the introduction of National Funding Formula for schools. Further work is needed to identify how much additional income may be generated from increased trading with schools and academies as well as quantifying the level of efficiencies which can be made whilst maintaining the standards of core services.

6 Recommendations

- 6.1 The Scrutiny Board are recommended to note the contents of this report and make comments.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1 - OVERVIEW OF ACADEMY CONVERSIONS - as at 21/06/16

OVERVIEW OF ACADEMY CONVERSIONS - as at 21/06/16				
School	Primary/ Secondary	Conversion Date	Name of Sponsor (or Multi-Academy Trust if Converter)	Ward
CONVERTER				
Abbey Grange CE	Secondary	August 2011	Abbey Grange C of E Academy Trust	Kirkstall
Crawshaw School	Secondary	July 2012	Crawshaw Academy Trust	Pudsey
Garforth Academy	Secondary	November 2010	School Partnership Trust (SPT)	Garforth and Swillington
Horsforth School	Secondary	January 2012	Horsforth School	Horsforth
Morley Academy (The)	Secondary	January 2011	The GORSE Academies trust	Morley South
Prince Henry's Grammar School Specialist Language College	Secondary	December 2011	Otley Prince Henry's Academy Trust	Otley and Yeadon
Rodillian School	Secondary	July 2012	The Rodillian Academy	Ardsley and Robin Hood
St Mary's Catholic High School	Secondary	1 March 2013	The Bishop Wheeler Academy Trust	Guiseley and Rawdon
Woodkirk Academy	Secondary	September 2011	Woodkirk Academy Trust	Morley South
Garforth Green Lane Primary School	Primary	November 2010	School Partnership Trust (SPT)	Garforth and Swillington
Manston St James Church of England Primary School	Primary	September 2012	LEAF Academy Trust	Cross Gates and Whinmoor
SS St Peter and Paul Catholic Primary School Yeadon	Primary	1 April 2013	The Bishop Wheeler Academy Trust	Guiseley and Rawdon
St Benedict's Catholic Primary School	Primary	November 2012	The Bishop Konstant Catholic Academy Trust	Garforth and Swillington
St Joseph's Catholic Primary School Otley	Primary	1 March 2013	The Bishop Wheeler Academy Trust	Otley and Yeadon
St Joseph's Catholic Primary School Pudsey	Primary	1 March 2013	The Bishop Wheeler Academy Trust	Pudsey
St Mary's Catholic Primary School Horsforth	Primary	1 March 2013	The Bishop Wheeler Academy Trust	Horsforth
St. Chad's C of E Primary School	Primary	1 November 2014	Abbey Multi Academy Trust	Weetwood
Morley Newlands Primary School	Primary	1 March 2015	The GORSE Academies Trust	Morley South
Cockburn School	Secondary	1st February 2016	The Cockburn Multi-Academy Trust	
Westerton Primary School	Primary	1st March 2016	Leeds Academies Trust (Formerly Woodkirk AT)	Morley South
East Ardsley Primary School	Primary	1st June 2016	Leeds Academies Trust (Formerly Woodkirk AT)	Ardsley & Robin Hood
Hill Top Primary School	Primary	1st June 2016	Leeds Academies Trust (Formerly Woodkirk AT)	Ardsley & Robin Hood
IN PROGRESS				
Brigshaw School	Secondary	1st September 2016	The Brigshaw Learning Partnership	
Allerton Bywater Primary School	Primary	1st September 2016	The Brigshaw Learning Partnership	
Swillington Primary School	Primary	1st September 2016	The Brigshaw Learning Partnership	
Kippax Ash Tree Primary School	Primary	1st September 2016	The Brigshaw Learning Partnership	
Kippax North Junior and Infant School	Primary	1st September 2016	The Brigshaw Learning Partnership	
Kippax Greenfield Primary School	Primary	1st September 2016	The Brigshaw Learning Partnership	
SPONSORED				
Co-Operative Academy (The) (formerly Primrose High School)	Secondary	September 2012	The Co-operative Academies Trust	Burmantofts and Richmond Hill
David Young Community Academy	Secondary	2006	LEAF Academy Trust	Killingbeck and Seacroft
E-ACT Leeds East Academy (Formerly Parkland Girls High)	Secondary	September 2011	White Rose Academies Trust	Killingbeck and Seacroft
Farnley Academy (The)	Secondary	February 2012	The GORSE Academies Trust	Farnley and Wortley
John Smeaton Community College	Secondary	1 January 2014	United Learning Trust	Cross Gates and Whinmoor
Leeds West Academy	Secondary	2009	White Rose Academies Trust	Bramley and Stanningley
South Leeds Academy	Secondary	2009	School Partnership Trust (SPT)	Middleton Park
Swallow Hill Community College	Secondary	1 July 2013	Academies Enterprise Trust (AET)	Farnley and Wortley
Brownhill Primary School	Primary	December 2012	The Co-operative Academies Trust	Burmantofts and Richmond Hill
Cottingley Primary Academy	Primary	December 2012	Academies Enterprise Trust (AET)	Beeston and Holbeck
Hillcrest Primary School	Primary	1 January 2014	The GORSE Academies Trust	Chapel Allerton
East Garforth Primary School	Primary	1 September 2013	School Partnership Trust Academies	Garforth and Swillington
Oakwood Primary School	Primary	1 September 2013	The Co-operative Academies Trust	Gipton and Harehills
Park View Academy	Primary	September 2012	School Partnership Trust Academies	City and Hunslet
Woodlands Primary School	Primary	December 2012	The Co-operative Academies Trust	Gipton and Harehills
Rothwell Church of England Voluntary Controlled Primary School	Primary	1 March 2014	LEAF Academy Trust	Rothwell
Ryecroft Primary	Primary	1 May 2014	The GORSE Academies Trust	Farnley and Wortley
City of Leeds School	Secondary	1 August 2014	White Rose Academies Trust	Hyde Park and Woodhouse
Nightingale Primary Academy	Primary	1 September 2014	The Co-operative Academy Trust	Gipton & Harehills
Holy Name RC Primary School	Primary	1 August 2015	The Bishop Wheeler Academy Trust	
Bruntcliffe School	Secondary	1 September 2015	The GORSE Academies Trust	
Victoria Primary School	Primary	1 November 2015	Wellspring Academy Trust	
Ebor Gardens Primary School	Primary	1st April 2016	Wellspring Academy Trust	
IN PROGRESS				
Royds School	Secondary	1st September 2016	Interserve / Red Kite	
Elmete Wood BESD	Secondary	1st September 2016	Wellspring Academy Trust	
Christ the King RC Primary School	Secondary	TBC	DfE to confirm Sponsor	
		1 September 2014	NOTE: Leeds East and Leeds West Academies were transferred from E-ACT to White Rose Academies Trust on 1st September 2014	

Appendix 2

EDUCATION SERVICES GRANT – GENERAL AND RETAINED STATUTORY DUTIES

1. Retained Duties remaining with the Local Authority to schools and academies (set at £15 per pupil) for which a charge to the school setting cannot be made

Education welfare services

- Prosecutions for non-attendance
- Tracking children missing from education
- Other statutory duties – for example, child employment

Asset management

- Strategic capital programme planning
- Management of BSF schemes and PFI contracts
- Functions in relation to Academy leases

Statutory and regulatory duties

- Strategic planning of education services including the education element of the Director of Children's Services and other statutory/regulatory duties relating to both maintained schools and Academies
- Planning for education services on an area-wide basis
- Finance, HR and legal functions relating to central services that do not transfer to Academies
- Maintenance and development of local school funding formula
- Standing Advisory Council for Religious Education (SACRE)

2. Services expected to be met from the Education Services Grant General Rate per Pupil

Section 251 headings

2.0.1 Therapies and other health related services Costs associated with the provision or purchase of speech, physiotherapy and occupational therapies. Includes any expenditure on the provision of special medical support for individual pupils which is not met by a Primary Care Trust, National Health Service Trust or Local Health Board.

2.0.2 Central support services Includes expenditure on:

- pupil support: provision and administration of clothing grants and board and lodging grants, where such expenditure is not supported by grant.
- music services: expenditure on the provision of music tuition or other activities which provide opportunities for pupils to enhance their experience of music.
- Visual and performing arts (other than music): expenditure which enables pupils to enhance their experience of the visual, creative and performing arts other than music.
- Outdoor education including environmental and field studies (not sports): expenditure

on outdoor education centres – field study and environmental studies etc. – but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

2.0.3 Education welfare service Education Welfare Service and other expenditure arising from the LA's school attendance functions. Exclude expenditure where Education Welfare Officers are directly involved in issues related to [The Children Act 1989](#).

Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933 (Enforcement of, and power to make bylaws in relation to, restrictions on the employment of children).

2.0.4 School Improvement Expenditure incurred by a local authority in respect of action to support the improvement of standards in the authority's schools, in particular expenditure incurred in connection with functions under the following sections of the [2006 Act](#):

- (a) section 60 (performance standards and safety warning notice),
- (b) section 60A (teachers' pay and conditions warning notice),
- (c) section 63 (power of local authority to require governing bodies of schools eligible for intervention to enter into arrangements),
- (d) section 64 (power of local authority to appoint additional governors),
- (e) section 65 (power of local authority to provide for governing bodies to consist of interim executive members) and Schedule 6; and
- (f) section 66 (power of local authority to suspend right to delegated budget).

2.0.5 Asset management - education Includes expenditure in relation to the management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including Academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools.

2.0.6 Statutory/ Regulatory Duties Expenditure on **education** functions related to:

- the Director of Children's Services and the personal staff of the director;
- planning for the education service as a whole;
- functions of the authority under [Part 1 of the Local Government Act 1999](#) (Best Value) and also the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness;
- revenue budget preparation; the preparation of information on income and expenditure relating to education, for incorporation into the authority's annual statement of accounts; and the external audit of grant claims and returns relating to education;

- administration of grants to the authority (including preparation of applications), functions imposed by or under [Chapter 4 of Part 2 of the 1998 Act](#) and, where it is the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions;
- authorisation and monitoring of:
 - (i) expenditure which is not met from schools' budget shares;
 - and
 - (ii) expenditure in respect of schools which do not have delegated budgets,
 and all financial administration relating thereto;
- the formulation and review of the methods of allocation of resources to schools and other bodies;
- the authority's monitoring of compliance with the requirements of their financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act;
- internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972;
- the authority's functions under regulations made under [section 44 of the 2002 Act](#);
- recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services carried out in relation to those of the authority's functions and services which are referred to in other paragraphs of Schedule 1 to the School and Early Years Finance (England) Regulations 2012. This relates to staff centrally funded and whose work falls within the scope of the LA Budget;
- investigations which the authority carry out of employees or potential employees of the authority or of governing bodies of schools, or of persons otherwise engaged or to be engaged with or without remuneration to work at or for schools;
- functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out and functions of the authority in relation to the administration of teachers' pensions;
- retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of a school to meet the cost from the school's budget share;
- advice, in accordance with the authority's statutory functions, to governing bodies in

relation to staff paid, or to be paid, to work at a school, and advice in relation to the management of all such staff collectively at any individual school (“the school workforce”), including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such school workforce;

- determination of conditions of service for non-teaching staff and advice to schools on the grading of such staff;
- the authority’s functions regarding the appointment or dismissal of employees;
- consultation and functions preparatory to consultation with or by governing bodies, pupils and persons employed at schools or their representatives, or with other interested bodies;
- compliance with the authority’s duties under the [Health and Safety at Work etc. Act 1974](#) and the relevant statutory provisions as defined in section 53(1) of that Act in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and where necessary the giving of advice to them;
- the investigation and resolution of complaints;
- legal services relating to the statutory functions of the authority;
- the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies;
- provision of information to or at the request of the Crown and the provision of other information which the authority are under a duty to make available;
- Expenditure incurred in connection with the authority’s functions pursuant to regulations made under [section 12 of the 2002 Act](#) (supervising authorities of companies formed by governing bodies);
- Expenditure incurred in connection with the authority’s functions under the discrimination provisions of the Equality Act 2010 in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and where necessary the giving of advice to them;
- Expenditure on establishing, and maintaining electronic computer systems, including data storage, in so far as they link, or facilitate the linkage of, the authority to schools which they maintain, such schools to each other or such schools to other persons or institutions.
- Expenditure in connection with the authority’s functions in relation to the standing advisory council on religious education constituted by the authority under [section 390 of the 1996 Act](#) or in the reconsideration and preparation of an agreed syllabus

of religious education in accordance with [schedule 31 to the 1996 Act](#);

- Expenditure in respect of a teacher's emoluments under [section 19\(9\) of the Teaching and Higher Education Act 1998](#) except such expenditure which falls to be met from a school's budget share;
- Expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a school's budget share and the provision of information to governors.
- Expenditure on making pension payments other than in respect of schools.

2.0.7 Premature retirement costs / Redundancy costs (new provisions) any budget for payments to be made by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of the school, after 1st April 2013 under [section 37, Education Act 2002](#).

This line is meant to be for new costs in the financial year, in this case 2013-14. For old costs please record in line 2.2.3 (Pension costs – includes existing early retirement costs)

2.0.8 Monitoring national curriculum assessment Expenditure on monitoring National Curriculum assessment arrangements required by orders made under [section 87 of the 2002 Act](#).

Appendix 3 – Summary: Educational Excellence Everywhere

The Department for Education published the White Paper: Educational Excellence Everywhere on 17 March 2016. The White Paper needs to be read in conjunction with the consultation documents on the National Funding Formula as together these documents outline the vision for and operational framework for the move to deliver Education Excellence Everywhere.

The White Paper outlines the aspects which will underpin the creation of a school-led, fully academised, system by 2022 that delivers educational excellence everywhere. These aspects are summarised below:

Great teachers everywhere

- make changes to teacher training including introducing new quality criteria for providers, replace qualified teacher status with a more challenging assessment based on classroom proficiency assessed by school leaders and teaching schools, continue to move towards a more school-led initial teacher training system
- help schools to ensure more teachers are recruited and reduce the costs of recruitment by providing a free recruitment web portal
- encourage teachers and middle leaders to work in areas where they are most needed through the development of the National Teaching Service
- support teachers to develop their skills through evidence based continuing professional development. Introduce new professional development standards
- enhance the professional status of teaching through the introduction of the College of Teaching and a peer reviewed educational journal (to mirror the medical and legal professions)

Great leaders

- more leadership development training to support the professional development of school leaders and accelerate talented teachers in to leadership positions at an earlier stage in their careers. This will include working with school leaders to develop new voluntary world class National Professional Qualifications
- rebalance incentives to ensure the best leaders are not discouraged from working in the most challenging schools. This will mean changing the frequency of inspection for category 3 schools (Requires Improvement) to 30 months and 4 schools (Special Measures) to 3 years to provide longer time for leaders to bring about improvement

- introduce the new National Teaching Service (NTS) to support elite teachers and strong middle leaders to move to work in some of the nation's most challenging areas; they will receive a package of support and a clear path to promotion
- introduce an Excellence in Leadership Fund for the best MATs and other providers to develop innovative ideas to tackle significant leadership challenges in areas where great leaders are most needed
- support schools to develop a strong and diverse pipeline of great school and system leaders, funding activity aimed at groups who are under-represented in leadership positions
- create stronger expectations on governing boards to fill skills gaps, including through training, with help to recruit skilled people; develop a new competency framework for governance in different contexts; no longer require academy trusts to reserve places for elected parent on governing boards; and establish a database of everyone involved in governance

A school-led system

- open 500 new free schools
- all schools to become academies by 2022 [Now changed to desire – not require]
- a duty for local authorities to facilitate all maintained schools to become academies.
- to retain expertise in the system and ensure children continue to benefit from the best talent in local authorities, there is an expectation that some individuals working in local authority teams will leave to set up new trusts and become academy sponsors
- build sponsor capacity, speed up the process of conversion to academy status, and work with the churches and faith groups to support church and faith schools to become academies
- continue to grow capacity through multi academy trusts and teaching school alliances
- create a dynamic school system where the RSCs quickly intervene to address underperformance
- parents can contact the RSC to request changes to MAT sponsorship if they are concerned about its performance
- expand the UTC system. There should be a UTC within the reach of every city
- define the role of LAs in education. LAs will step back from running schools and will focus instead on delivering and strengthening core functions – becoming one of the key partners working to deliver educational excellence everywhere

- review the responsibility of LAs in relation to children, including the implications for the roles of the Director of Children's Services (DCS) and the Lead Member for Children in light of the policy changes set out in the white paper

Preventing underperformance and helping schools to move from good to great

- ensure all schools in all areas can access support, collaboration and best practice through full coverage of system leaders across the country
- improve how system leaders (teaching schools and NLEs) are designated through a more sophisticated approach based on timely and accurate data rather than relying heavily on Ofsted judgements
- from September 2017, school improvement funding will be increasingly routed through teaching schools in line with their core functions outlined above. In turn, they will be held to account more effectively for the quality, reach and impact of the support which they broker. This new fund will focus on building capacity across the system and ensuring the most vulnerable schools improve and do not fail
- focus on 'Achieving Excellence Areas' (where too few children have access to a good school and there are insufficient high quality teachers, leaders, system leaders and sponsors)
- establish a new Intervention Fund for RSCs to commission school improvement support from within the system for failing and coasting schools

High expectations and a world leading curriculum for all

- embed a knowledge-based curriculum as the cornerstone of an excellent, academically rigorous education to age 16 – establishing the national curriculum as an ambitious benchmark that autonomous academies can use and improve
- increase support for teachers to deliver this curriculum effectively, including encouragement for greater use of evidence-based teaching materials
- reform primary assessment to help ensure that every child leaves primary school with the essential building blocks to secondary school
- embed reforms to assessment and qualifications, including more rigorous GCSEs and A levels, with an expectation that the vast majority of pupils will study the English Baccalaureate (EBacc)
- Ensure a knowledge-based curriculum is complemented by development of the character traits and fundamental British values that will help children succeed, with funding to extend their school day to include a wider range of activities such as sport, arts and debating

- publish a strategy for improved careers provision for young people and further support The Careers & Enterprise Company
- help schools provide the right support for children of all abilities, and those with additional needs – including looked-after children, and those with special educational needs and disability
- reform the alternative provision (AP) system so that mainstream schools remain accountable for the education of pupils in AP and are responsible for commissioning high quality provision
- extend the current role of Virtual School Heads and the role and responsibilities of the school designated teacher for looked-after children so that they continue to support children who have left care under an adoption order. These changes, coupled with the recent extension of the pupil premium and priority school admission, will enable adopted children to retain the educational support they had whilst they were in care and help improve their educational outcomes

Fair and stretching accountability, ambitious for every child

- embed reforms to primary, secondary and 16-19 accountability that focus on the progress of all pupils, and their destinations
- work with Ofsted to ensure inspection is fair and increasingly focused on underperformance
- Ofsted will consult on removing the separate graded judgements on the quality of teaching, learning and assessment
- introduce new accountability measures for MATs, publishing MAT performance tables in addition to inspection and performance data at individual school level
- publish improved and more accessible school performance data to inform school choice and help parents and governing boards to hold schools to account

The right resources in the right hands

- introduce new, fair national funding formulae for schools, and for allocating high needs funding to LAs for special educational needs and alternative provision
- improve the effectiveness of pupil premium spending by encouraging schools to adopt evidence-based strategies, drawing on evidence from the EEF
- support schools to improve their financial health and efficiency through tools, guidance and direct support such as training and better national frameworks for procurement

- improve and maintain the school estate to ensure that those responsible for school buildings get a fair share of funding and have the right incentives to make effective use of the school estate