

**Report of: Director of Children and Families**

**Report to: Executive Board**

**Date: 19<sup>th</sup> April 2017**

**Subject: Contextualising future challenges to education in Leeds**



|  |   |  |
|--|---|--|
| Are specific electoral Wards affected?<br>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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Is the decision eligible for Call-In?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

## Summary of main issues

1. National changes to the formation and constitution of schools present challenges to the future direction of providing great educational experiences for all children and young people.
2. The increasing vulnerability of children and young people in Leeds calls for a city wide focus on improving their experiences and outcomes in all areas of their lives. The national policy and funding changes to the educational offer outlined in this report have a potentially damaging effect on this work to improve outcomes for children in Leeds.
3. It is becoming increasingly challenging to place all children in the city into good educational settings, due to the current growth in population and pressures caused by national policy and funding changes. Leeds is working on innovative strategies to combat these obstacles, to not only address sufficiency, but to do so in a way that enables quality learning in an enriching and engaging environment.
4. The challenges to school funding are numerous and potentially detrimental for education in Leeds. This report outlines the varying possible outcomes for budget reductions, and the likely impact of these.

## Recommendations

The executive board is recommended to:

1. Note this report as it details the significant future challenges to education in Leeds.

2. Consider the impact of these challenges in the different areas in Leeds, and discuss approaches to mitigate the effects of these.

## **1 Purpose of this report**

- 1.1 In the context of the turbulence and uncertainty in the educational landscape, levels of attainment are just one of the future challenges that Leeds could face. To mitigate these challenges, it is essential that we both acknowledge and understand them. This paper examines the potential pressures that could impact on education standards in the future. For specific measures that are being implemented to combat these challenges, please refer to the relevant section in the Best City for Learning strategy and the Annual Standards Report, 2015-2016.

## **2 Background information**

- 2.2 The Annual Standards Report, 2015-2016, reports on the progress made towards the strategy Leeds: Best City for Learning, 2015-2020. The Annual Standards Report provides information on the changes, celebrations and challenges over the past year, discusses data and results, and outlines what measures will be implemented to improve education and learning in Leeds. This report shows that the quality of provision in Leeds is improving, and the work outlined in the Best City for Learning to develop strong, supportive and constructively critical learning communities in Leeds is progressing at a faster rate than expected. The report also outlines the challenges in the city, a large part of which is the lower than acceptable levels of attainment for Leeds children. These results are being focussed on by teachers across our schools, every school leadership team, and every Learning Improvement team member; it is something that we expect to see improve next year, as children and young people adapt to the changes to the national curriculum.
- 2.3 Whilst the Annual Standards Report provides a detailed overview of education over the past year, there has been a recognition that a paper is needed that discusses the potential future challenges to education in Leeds. The challenges that are outlined in the report have been compiled using the most up to date information and research available; however, please note that these may or may not be realised, dependent on the national policy agenda. The impacts of these potential changes will be far reaching and threaten our ambition to become the best city for children and young people.
- 2.1 For these reasons it is important that Leeds maintains a sharply focussed and effective School Improvement Team to ensure that the purpose and drive of the city can be reflected in the schools and academies that teach our children; and so that the schools and young people continue to have a real voice in shaping the future of the city.

## **3 Main issues**

### **Vulnerable learners**

- 3.1 The child population of Leeds is growing and changing, becoming more diverse and within this diversity there are a growing number of children living in areas of high deprivation.

- 3.2 There are ongoing national changes in how children's attainment and progress in learning is assessed.
- 3.3 As part of these changes the age related expectations that the majority of children should achieve continue to rise. English and maths qualifications at the equivalent of GCSE level are now often described as the basics that all young people should achieve, if not by 16, then by 19. These are not just for the academically orientated or future university students; they are for all and are important in accessing post-16 learning including vocational learning.
- 3.4 Regardless of national assessment changes there is a pattern that Leeds children and young people from non-disadvantaged backgrounds achieve generally close to or in line with similar children nationally. For children and young people from what is termed disadvantaged backgrounds, Leeds results are often several percentage points below their peers. This pattern is also seen in a number of other Yorkshire & Humber authorities, and it is a regional issue.

|         | <b>At age 11 % of pupils reaching Expected standard reading writing maths 2016</b> |                   | <b>At age 16 % of pupils achieving A*-C GCSE in English and Maths 2016</b> |                   |
|---------|--|-------------------|--|-------------------|
|         | Disadvantaged  | Non-disadvantaged | Disadvantaged  | Non-disadvantaged |
| England | 39%  | 61%               | 43%  | 71%               |
| Leeds   | 31%  | 58%               | 39%  | 70%               |

- 3.5 Locally, regionally and nationally there is intent to close these gaps. The challenge is that there is no one answer; the opportunity is that everyone has a role to play. While school performance is an important consideration, a child lives in a family and in a community and how learning, and the aspiration to learn, is reflected in the entirety of a child's life really does matter.
- 3.6 More generally the term vulnerable learner applies to the following:
- A child not in provision is at greater risk in terms of safeguarding and poorer learning and life outcomes.
  - A child in a learning provision but not often attending is also at greater risk in terms of safeguarding and poorer learning and life outcomes.
  - A child in a provision that does not meet their needs and where they are treated unfairly.
  - A child who is not making at least expected progress in their learning and is failing to reaching age related expectations. Certain characteristics may make children more vulnerable to not attaining suitable levels.
  - A child who is not able to achieve well in at least one non-core academic area, or who is struggling to form constructive relationships with at least one other person in the provision.

- 3.7 For some children events in their life will impact on their progress in learning. As their situation improves or stabilises; how do we best support them to continue their learning journey and thereby to improve their opportunities and their likely outcomes in adulthood?

### **Growing population**

| <b>Leeds School Population</b> |             |             |               |
|--------------------------------|-------------|-------------|---------------|
|                                | <b>2012</b> | <b>2016</b> | <b>Change</b> |
| Year 1                         | 8680        | 10141       | + 16.8%       |
| Year 6                         | 7495        | 8450        | + 12.7%       |
| Year 11                        | 8072        | 7538        | - 6.6%        |

January School census.

- 3.8 From the low birth years of 2000 and 2001 the child population has grown to the point where a third more pupils, around 10,000, start school each year. This growth will progressively move through the Leeds school system.

### **More ethnically diverse population**

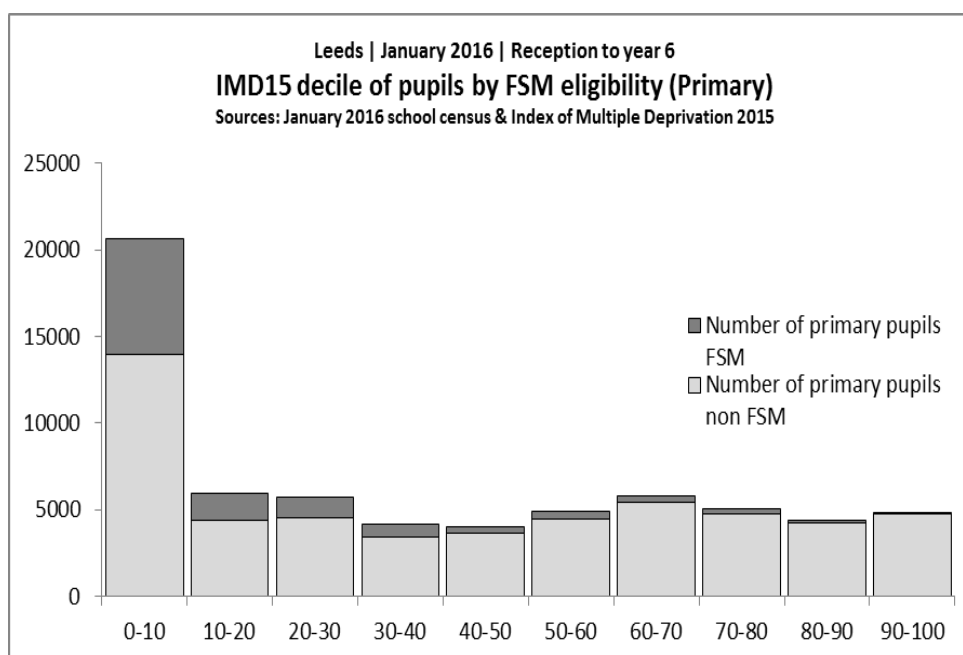
- 3.9 The number of Black and Minority Ethnic (BME) pupils in Leeds has significantly increased since 2005 from 19,447 children and young people in maintained schools to 34,569 in 2015.
- 3.10 At a locality 'cluster' level, the proportion of BME children ranges from 4.4% to 92%

| <b>% BME in a Leeds School</b> |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| <b>2005</b>                    | <b>2010</b> | <b>2015</b> | <b>2016</b> |
| 17.9%                          | 23.7%       | 29.9%       | 31.1%       |

January Census 2005, 2010, 2015 and 2016.

### **Large numbers living in highly deprived areas**

- 3.11 The number and proportion of children eligible for Free School Meals is declining due to changes in *eligibility criteria*. In primary the 2016 school census shows 18% eligible down from 22% in 2012. At the same time the national index of deprivation is showing more children living in areas ranked in the 10% most deprived nationally (20,000 primary pupils in 2016). The graph highlights the number of children living in areas ranked by deprivation and the proportion of them eligible for free school meals.



### Understanding SEND (special education need and disability)

- 3.12 In 2016, the number of children and young people with SEND was recorded as 16,259, which is 13.8 percent of the total population of children and young people in maintained schools in Leeds. The following table lists the primary needs of the 2016 SEND cohort. The most frequently recorded primary needs are Moderate Learning Disability (26.5%), Speech, language and communication needs (26.6%) and Social, emotional and mental health (18.3%).

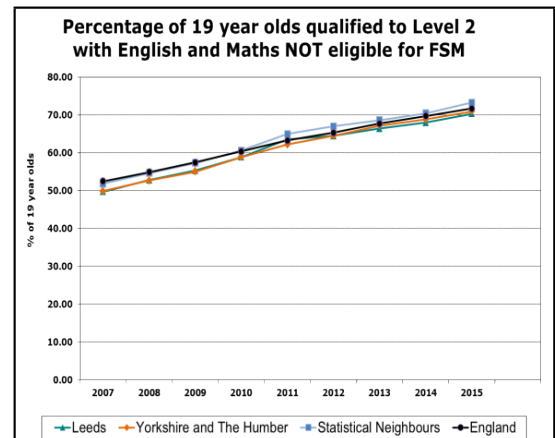
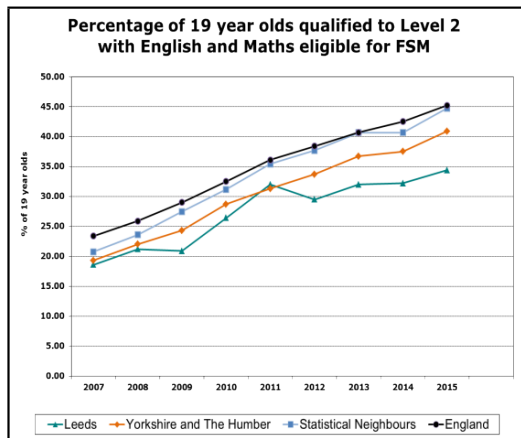
| Primary Need               | No. | %   |   | No.          | %            |
|----------------------------|-----|-----|---|--------------|--------------|
| Autistic Spectrum Disorder | 728 | 4.5 | Moderate Learning Disability              | 4306         | 26.5         |
| Hearing Impairment         | 387 | 2.4 | Other difficulty/disorder                 | 878          | 5.4          |
| Visual impairment          | 165 | 1.0 | Social, emotional and mental health       | 2971         | 18.3         |
| Multi-sensory Impairment   | 14  | 0.1 | Profound and multiple learning difficulty | 147          | 0.9          |
| No Specialist Assessment   | 216 | 1.3 | Speech, language and communication        | 4328         | 26.6         |
| Physical disability        | 369 | 2.3 | Specific learning difficulty              | 1309         | 8.1          |
| Severe learning difficulty | 441 | 2.7 | <b>Grand Total</b>                        | <b>16259</b> | <b>100.0</b> |

Source: School census January 2016

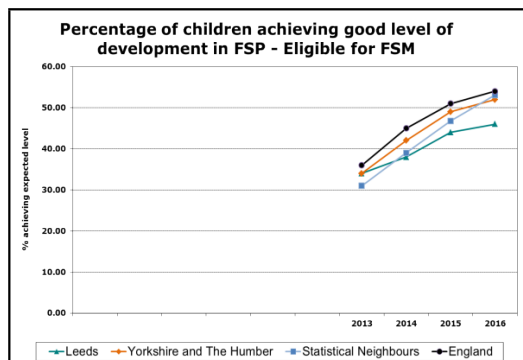
### Key Points

- 3.13 Leeds results are improving over time but not always as fast as other areas.

- 3.14 Attainment gaps for disadvantaged pupils in Leeds are wider than the same gaps nationally: non-disadvantaged pupils in Leeds do as well as their peers nationally.



- 3.15 This is consistent at age 19, 16, 11 and as below at 5.



- 3.16 Below are the 2015 percentages of 11 year olds reaching age related expectations in Level 4 in reading writing and maths.

- 87% no SEN (special educational need)
- 82% no Free School Meal entitlement
- 79% stable in year 5 & 6
- 78% overall
- 66% English as Additional Language
- 60% Free School Meal entitled
- 53% Children Looked After

- 43% no identified KS1 attainment
- 52% Social Care Children in Need
- 38% SEN support
- 14% SEN Statement or EHC plan
- 11% Gypsy Roma

### **Focus on everyone**

3.17 In 2016 there were just over 10,000 children in year one in Leeds schools. Where will they be by age 11, 16 and 19? (The following is based on approximations of the January 2016 school census)

- In primary school around 1400 will be identified as having a special educational need. Reaching age related expectations will not be attainable for some of these children, but for many it should be.
- 2000 or more will have English as an additional language
- 4100 will live in areas ranked in the 20% most deprived nationally, 3200 in area in the bottom 10% of which 1500 will be in areas viewed as the 3% most deprived
- A third will be from Black and Minority Ethnic Backgrounds.
- Over 2000 will be entitled to Free School Meals at some point during their primary education
- It is likely, depending on the point national assessment frameworks, that 5000 to 8000 will reach current age related expectations by age 11
- It is likely that if an additional 250 to 500 children reach age related expectations in any given year then Leeds' performance will be in line with national.
- Some children, either due to their own or their family's needs, will receive specialist or targeted support.
- There will be a significant group that doesn't reach national age related expectations and yet don't have significant contact with either specialist or targeted services.

### **Migration**

3.18 One of the key priorities of the city is to ensure that the most vulnerable children and young people are protected, which includes new arrivals. In the last two years there has been an increase in economic migrants, unaccompanied asylum seeking children and refugees, many fleeing from war torn countries. Children's



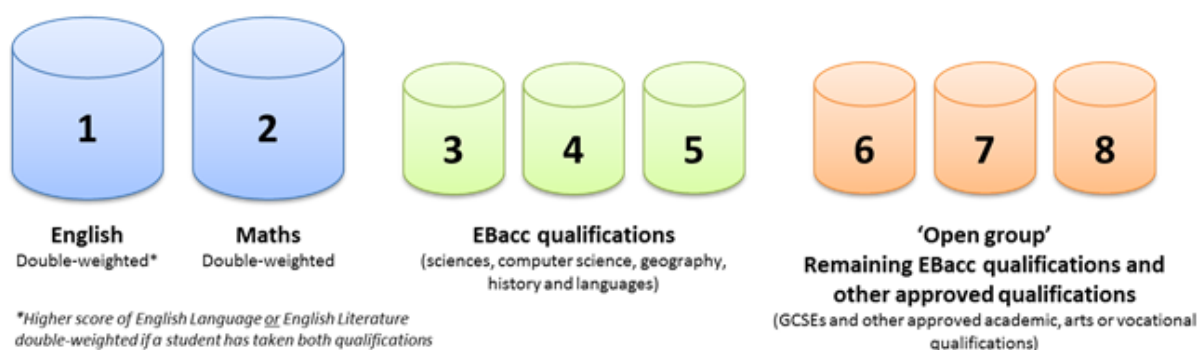
Services have continued to work with the third sector to support the new arrivals and provided refugees with welcome packs to support their learning. The service is also working in collaboration with Migration Yorkshire, the Refugee Council, School Admissions and the families to ensure a smooth transition into Leeds education settings. Research has been conducted in 2016 to review the current advice, advocacy and service provision in Leeds for children and young people arriving in the city. This research is now being collated into a cohesive report to identify the gaps in provision which will then be used to inform the service strategy.

## Attainment and Progress Measures

- 3.19 The way that children, and subsequently schools, are assessed has changed; and will continue to change, until it settles in 2020. The children and young people of the city will be measured on Attainment 8, whilst schools will be measured on Progress 8. This system was introduced fully in 2016 and is a very complicated way to assess the children's ability in 8 key subjects.

### Attainment 8

- 3.20 The Attainment 8 score is calculated from the sum of 3 elements (or "buckets") for each pupil, for 8 nominated subjects:



3.21

### 3.22 Bucket 1

Core

English – double weighted – best of either English Language or Literature (provided both taken)

Maths – double weighted

### 3.23 Bucket 2

EBacc3

Three highest point scores from any of the EBacc qualifications in science subjects, computer science, history, geography, or languages.

### 3.24 Bucket 3

## Open3

The three highest point scores in any three other subjects

Each grade in each subject is worth a points score, currently set at an 8 for an A\* down to a 1 for a grade G. Over the next two years, the points are changing to a 9 point range. This is a complicated set of calculations that enable a child to see the grades they have, and for the school to work out the point score for each child. Schools will be able to calculate, on results day, an Attainment 8 score and convert it to an average grade, which will be one of the new accountability measures, as will the % of pupils achieving A\*-C (9 pts – 6pts ) in just English and Maths.

On the traditional results day in August, therefore, the council will, be able to celebrate how well individual children have performed and have an indication of the attainment achieved by the pupils, but will not be able to calculate a progress value for the school; for that you need Progress 8.

3.25 **Progress 8** is a relative measure

3.26 The Progress 8 score for a school is the average of the pupils' progress 8 scores. It is important to emphasise that Progress 8 is a **relative** measure, calculated each year on the basis of the actual results of all of the pupils taking exams at the end of Key Stage 4. A pupil's progress 8 score is defined as their Attainment 8 score, minus the average attainment 8 score of every other child in the country with the same prior attainment score at the end of KS2 (aged 11). This score is then divided by 10 to give an individual progress 8 measure, which will look something like +0.51. The school's score is the average of all their individual progress 8 scores. Nobody will know, therefore, on results day in August what the national average for each individual pupil will be, and so they cannot know their overall Progress 8 score. It is expected that most schools will fall between a =0.5 and a -0.5 score. A score of 0.5 equates to about half a grade.

3.27 On results day in August, no one can know their Progress 8 score.

3.28 Although the single Progress 8 figure will be the headline figure, very importantly, the DfE will also be publishing a Progress score for each of the 3 buckets, which will enable much better and fairer analysis.

### **Local Authority Funding**

3.29 The schools budget is funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and may only be applied to meet costs that fall within the budget. Any under or over spend of the grant from one year must be carried forward and applied to the schools' budget in future years. The Government provides the DSG to local authorities and each local authority currently distributes the grant to the local educational establishments based on the local funding formula. This situation will change when the new national funding formula is implemented.

- 3.30 London authorities historically dominate the list of the highest per-pupil funding, as can be seen on the below tables (2016-2017 figures). The average spend per pupil for all local authorities across England is £4,500; for Yorkshire and the Humber, the average spend per pupil is £4,450.

| Highest Funded Local Authorities |                  | Lowest Funded Local Authorities |                  |
|----------------------------------|------------------|---------------------------------|------------------|
|                                  | Per Pupil Amount |                                 | Per Pupil Amount |
| Tower Hamlets                    | £ 6 982          | Leicestershire                  | £ 4 238          |
| Hackney                          | £ 6 857          | Dorset                          | £ 4 231          |
| Lambeth                          | £ 6 485          | Stockport                       | £ 4 229          |
| Southwark                        | £ 6 462          | Trafford                        | £ 4 227          |
| Hammersmith & Fulham             | £ 6 350          | South Gloucestershire           | £ 4 213          |
| Camden                           | £ 6 233          | Cheshire east                   | £ 4 205          |
| Islington                        | £ 6 220          | York                            | £ 4 201          |
| Newham                           | £ 6 127          | West Sussex                     | £ 4 198          |
| Westminster                      | £ 6 019          | Poole                           | £ 4 186          |
| Greenwich                        | £ 6 019          | Wokingham                       | £ 4 166          |

- 3.31 Regional variances in Dedicated Schools Grant

| Region                   | Total 2016-17<br>baseline for the<br>schools block | TOTAL<br>PUPILS  | Funding per<br>pupil |
|--------------------------|--|------------------|----------------------|
| <b>England total</b>     |  |                  |                      |
| EAST MIDLANDS            | £2,615,183,396                                     | 607,344          | £4,310.00            |
| EAST OF ENGLAND          | £3,437,420,271                                     | 795,560          | £4,320.00            |
| INNER LONDON             | £2,186,303,114                                     | 372,341          | £5,870.00            |
| NORTH EAST               | £1,495,218,115                                     | 328,817          | £4,550.00            |
| NORTH WEST               | £4,359,396,754                                     | 960,908          | £4,540.00            |
| OUTER LONDON             | £3,429,015,990                                     | 715,608          | £4,790.00            |
| SOUTH EAST               | £4,692,363,320                                     | 1,119,790        | £4,190.00            |
| SOUTH WEST               | £2,801,514,727                                     | 660,815          | £4,240.00            |
| WEST MIDLANDS            | £3,554,440,947                                     | 784,760          | £4,530.00            |
| YORKSHIRE AND THE HUMBER | £3,201,028,099                                     | 719,527          | £4,450.00            |
| <b>TOTAL</b>             | <b>£31,771,884,733</b>                             | <b>7,065,470</b> | <b>£4,500.00</b>     |

## School Funding

### Reductions in school budgets

- 3.32 Schools and unions report a real reduction in school budgets, a picture that is reflected across the country. Whilst budget income remains relatively stable, the changes to National Insurance payments, pension contributions, pay rewards, the apprenticeship levy and other costs have effectively reduced spending power in schools by approximately 6%. National and local figures are similar where 70% of schools are only able to balance budgets by making cuts or spending reserves, and 18% projecting deficit budgets. Decisions have been made in Leeds to maintain a level of local authority support for schools and a range of quality traded services; as local authorities provided services are still the most cost effective for schools.

### Apprenticeship Levy

- 3.33 This is a requirement for all schools and trusts with an annual payroll bill over £3 million.
- 3.34 Organisations with a payroll above the £3 million threshold must pay a levy to government equivalent to 0.5 per cent of their payroll, so that all maintained schools must pay the levy as collectively they are part of the local authority. Larger multi-academy trusts and larger stand-alone academies will also need to pay the levy. For Leeds the costs to schools will amount to approximately £1.25M

|          |                                |
|----------|--------------------------------|
| £755,449 | Total Community and VC schools |
| £303,658 | Foundation schools             |

|            |  |
|------------|--|
| £196,105   | VA schools   |
| £1,255,211 | Total estimated levy - based on Autumn 16 SAP data |

### **The new public sector apprentice targets**

- 3.35 Following the introduction of the government's enterprise act, these targets will come into effect for all public sector organisations with more than 250 employees (FTE) from April 2017.
- 3.36 The Department for Business, Innovation and Skills is proposing a target of 2.3 per cent 'apprenticeship starts' each year. This means that any organisation subject to the target must hire *each year* a number of apprentices equivalent to 2.3 per cent of the sum of their full time equivalent workforce. For example, a school with 300 employees would have to hire seven apprentices a year in order to meet the target.
- 3.37 This focus on starts has prompted some concerns that schools and trusts struggling to meet the target could face having to fire apprentices – or other staff – every year in order to be able to replace them with new apprentices.
- 3.38 Although the two policies should be taken separately because they are based on different thresholds, they do impact on each other. The point of the apprenticeship levy is to get schools to pay for the training of apprentices whether they use them or not. Previously it was funded by the government. Public sector organisations which pay into the levy can access the funds raised to pay for the training of their own apprentices, although it will not cover salaries.
- 3.39 Whilst employing apprentices presents opportunities, for new joiners and existing staff, the introduction of the Levy and target clearly are a major challenge. Fortunately, Levy funds can be used for up to 2 years after they are initially raised and this gives some scope to plan ahead. The Council are developing a package of measures to support services and help them to use Levy funding e.g.
- Practical advice on how to draw-down levy funding
  - Recruitment - marketing and engagement with people seeking apprentices – especially young people
  - Setting up contracts through which apprenticeship can be purchased
- 3.40 At the same time we will support schools to develop arrangements that suit learning settings and helps collaboration. This will include the types of opportunities that could be created and funding options. Apprentice frameworks/standards with schools might be most interested in include;
- Schools Business Director
  - Various support roles – Technicians, Caretaking and Administration

- Senior early years practitioner
- Teacher
- Teaching Assistant

3.41 It is most likely that the latter two posts, will by volume, be the most important. Currently Apprentice standards are still in development and it is expected the Teaching Assistant being delivered first (likely by September 2017). This gives a lead-in to have discussions with potential providers who will hopefully offer these Apprenticeships in Leeds.

3.42 The amount of Levy funding drawn from each school's payroll varies. Secondary schools may have around £15k, whilst small primaries may have under £2k – which is insufficient to secure an apprenticeship. In such a case the option to “pool” the Levy and commission an apprentice lends itself to a shared approach. In these circumstances, we would look to work with:

- Learning Alliances,
- Families of schools
- Clusters or
- independently using the Levy

### **Changes to the Education Services Grant**

3.43 The government is changing the way the ESG is administered. Whilst the local authority will still receive the £15 per pupil amount to fund statutory Retained **Duties** (£1.7M ), the bulk of the fund, **General Duties** (currently £77 a pupil), will be lost over the next two years. The retained duties element is un-ring fenced, but is used to support strategic planning, track missing children, prepare reports for central government, School Improvement and so on. Items in scope for the General Fund would include Health and safety compliance, School buildings facilities, moderation of the teacher assessment of pupils, suitability checks on employees etc. It is the General Fund that is paid directly to academies in order for them to replicate the role that the Local Authority previously had for their pupils, as it is being cut to Las, so it is also being cut to academies, placing an additional financial burden on them. Over the last three years the General ESG has dropped from £116 and will be £45 next year before being dropped completely. This is a massive reduction in available funds for educating Leeds children. The Educational Funding Agency describe the aim of the reductions as to allow the local authority to play a transformation role in creating a school led system as sector-led school improvement continues to mature and the capacity within school grows; as schools are seeing the same cuts in funding, the question has to be asked where the growth will come from.

### **Direct Funding of Schools**

3.44 The Department of Education (DfE) still intend to fund schools directly, missing out the local authority in any funding process. To enable this they propose to split the Dedicated Schools Grant into 4 blocks, representing

- Schools,
- High needs,
- Early years,
- Central schools services block which will contain funding for central schools services, historic commitments and the retained rate of the Education Services Grant (ESG) – these are broadly the items that Schools Forum currently approves the level of spend annually.

### **The Schools Block**

3.45 The Schools Block will deliver funding to schools, using the nationally set values for each of the 13 factors. The DfE have decided to retain the use of the mobility factor within the national formula, having previously proposed to remove it. In the 2018-19 transition year the DfE will calculate notional budgets for schools according to the national formula and these will then be aggregated and allocated to local authorities as the Schools Block for distribution according to the locally agreed formula (as per the arrangements for implementing the ‘soft’ funding formula). The DfE are likely to scrutinise any transfers to ensure that they do not destabilise proposals for 2019-20.

3.46 In 2019-20 the DfE will calculate school budgets according to the national formula, and these amounts will be allocated directly to each school. This is known as the “hard” formula. No transfer of funding between blocks will be possible. The DfE recognise that these funding proposals will create turbulence for many schools. To mitigate this turbulence they have announced that they will continue with arrangements to limit the amount of funding that schools may lose/gain *in the first year of transition* to the new formulae. In effect, no school should lose more than 1.5% of its funding per pupil or gain by more than 3.0% in that year.

### **Early Years Block**

3.47 The early years block will fund free early education for 3 and 4 year olds and the early education of eligible vulnerable 2 year olds. From September 2017, the Government will increase the amount of free childcare to 30 hours a week for working families of 3 and 4 year old children.

### **High Needs Block**

3.48 The high needs block (HNB) supports places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEN support and hospital and home education.

- 3.49 During 2016/17 a number of pressures emerged in the HNB and as a result the DSG is forecast to be in a deficit position at the end of the 2016/17 financial year. Some of these pressures are expected to continue into 2017/18. Schools Forum and all schools have been consulted on options to bring the high needs block back into balance within the available funding in 2017/18 and to start reducing the deficit projected to be incurred in 2016/17. Some of the elements within the high needs block cannot be readily adjusted, for example, funding for special school places. The options put forward to schools through a consultation sent out to all schools and presented to Schools Forum therefore focussed on the areas where there is more flexibility. The actions agreed include reducing devolved Area Inclusion Partnerships allocations; changing the criteria for determining how much of the school's notional SEN budget must be used to fund the first £6,000 of support for children with additional needs from 25% to 40% and transferring £2m of funding from the schools block into the HNB
- 3.50 The DfE also propose to implement a National Funding Formula (NFF) to calculate local authority HNB allocations for children with special educational needs and disabilities. The NFF will replace previous arrangements which have seen local authority HNB allocations calculated largely on the basis of historic spend (from a 2012/13 base-line). It is proposed that HNB Funding will include 9 factors including a uniform basic unit of funding for pupils and students in specialist provision. The DfE also propose to:
- protect LA's HNB from reductions arising out of the formula
  - fund all LA's to support the preparation and implementation of strategic plans
  - provide capital funding to support the expansion of special provision in schools and other institutions

### **Post 16 SILC provision**

- 3.51 In 2013 the Department for Education made changes to the way in which schools were funded. One of the consequences of these reforms was that all post 16 students with Education, Health and Care plans were to be funded on the basis of their provision being for 600 hours per year. This equates to 3 days rather than 5 days funding per week. Students with special educational needs and disabilities (SEND) attending further education colleges were already funded in this way. However, in Leeds as elsewhere, students attending special schools were offered five days' provision per week, and funded accordingly. Therefore this change meant that for our SILCs, the amount of funding received for their post 16 students has reduced significantly. However, the Department for Education also determined that a minimum funding guarantee would be in place which meant that a SILC's budget could not reduce by more than 1.5% per year. When these changes were introduced in 2013, the principals of all the five generic SILCs decided to continue to offer each student a five day per week programme. As pressure on budgets have increased, the SILCs are finding it increasingly difficult to sustain this offer and have been considering their options. It is likely that the education element of the offer for young people attending SILCs will need to reduce.



### **The school funding formula factors**

- 3.52 In the first stage of the consultation, the DfE proposed to use 12 of the 15 formula factors that LAs can currently include in their local formula. This excluded the factors for looked after children (where funding is to be targeted through the pupil premium plus), mobility and post-16. After considering the responses to the consultation, they have decided to retain the mobility factor.
- 3.53 The DfE have used the collective formulae and distribution of funding across all LAs as the starting point for their proposals. Nationally, funding is distributed on a ratio of 1:1.29 between primary and secondary sectors. The proposals are to maintain this ratio when constructing the funding formula.
- 3.54 The proposals maximise the funding allocated through the pupil-led factors of the funding formula, and reduce funding on school-led factors where possible. In the current system, LAs are required to allocate at least 80% of funding through the pupil-led elements of the formula. In Leeds, we currently allocate 88.5%. Allocations across the country range from 82% to 96% and are on average 90%. The proposals are to allocate 91% through the pupil-led factors. Although the level of funding to be distributed through the pupil-led factors will increase, the proposals will slightly reduce the amount of funding being distributed nationally through the basic per pupil factor, and will increase the amount spent through the additional needs factors. This is to reflect that some LAs, where large proportions of their pupils are from disadvantaged backgrounds, allocate funding through the basic per pupil factor that is intended for pupils with additional needs. School-led factors used in the formula are premises factors (rates, PFI, split site and exceptional circumstances), and the lump sum. The DfE intends to maintain funding for premises factors on the basis of historic spend for the first year of the national funding formula, but will continue to consider options for allocation in the future. Funding for lump sums vary widely across the country, from £59,500 to £175,000.
- 3.55 Leeds currently allocates the maximum allowed for a lump sum for both primary (£150k) and secondary (£175k). The DfE are proposing to set equal lump sums of £110,000 for primary and secondary schools. This reflects the DfE's objective to encourage schools to share services and functions where possible, so that resources can be freed up for teaching and leadership. Schools with low numbers in remote areas will receive additional support through the sparsity factor to reflect the difficulty those schools will have in sharing services.

### **Funding protections and funding caps**

- 3.56 The DfE have considered the situation of schools that are due to gain funding, and those schools due to be funded at a lower level. They are determined that under-funded schools should move towards their formula allocations quickly, but also ensure that there is stability for schools receiving reductions in funding. The DfE have confirmed that the minimum funding guarantee will remain in place in the National Funding Formula; however they do not believe that on its own it would provide sufficient stability to schools. They are therefore proposing to introduce a funding floor to limit the reduction to per pupil funding that any school can incur as a result of the new formula. The proposal is to set the floor at 3% per

pupil. For schools due to be funded at a higher level, the proposals are to set a gains cap at 3% in 2018-19, and 2.5% in 2019-20. Any cap beyond 2019-20 will be subject to decisions taken in the next spending review.

### **Pupil Growth**

- 3.57 Under current arrangements local authorities can, with the agreement of Schools Forum, top-slice funding from the schools block to fund pupil growth. The funding allocated to the local authority for pupil growth is distributed locally by the local authority. The figure for Leeds in 2017-2018 was £2.9 million. In 2018-2019, the Department for Education will allocate funding on the basis of historical spend, based on the new national funding formula which is currently out for consultation.

### **Impact**

- 3.58 As part of the consultation process, the DfE have published tables showing the impact of the proposals on both local authorities and individual schools. These tables show the illustrative outcome of the proposed formula compared to the funding received in 2016-17. The illustrative figures produced by the DfE suggest that the overall funding envelope for all Leeds schools and academies will increase by approximately £7m (£461m from £454m) when the DfE move to the full 'hard' national funding formula without transitional protections. The tables produced by the DfE suggest this increase is larger, however, they have used school funding for 2016-17 as the baseline, which did not include funding top sliced for clusters. Within the overall increase there will at first glance be winners and losers. On the illustrative tables approximately 54% of schools nationally will be funded at a higher level, and 46% lower. In Leeds, 30% of schools would receive lower levels of funding under the proposals. When the impact of cluster funding is included, however, this figure will increase. The largest single reduction in funding resulting from the formula may be around £200k per annum for a secondary school with a gross budget of £6.5m, and around £50k for a primary school with a gross budget of £1.7m. The major factor causing schools in Leeds to receive less funding under the national formula is the reduction in the lump sum. The DfE have identified that smaller schools in urban rather than rural areas will be funded at lower levels. Over 50% of schools with 210 pupils or fewer will receive reduced funding. As stated at 3. X taking into account the additional pressures on schools through inflation, pension costs, apprenticeship levy etc the impact is much more stark.

### **Academies**

- 3.59 Whilst the Secretary of State for Education has backed away from the forced academisation of all schools across England and Wales, there is still a strong push from government for schools to become academies. Whilst financial funding of academies is no longer preferential, government continue to espouse the virtues of freedom and independence for academies, and the encouragement to move away from local authorities into Multi Academy Trusts is strong. When schools go to direct funding the local authority will have a different relationship with schools who will effectively be buying in services, support and challenge and the local authority will need to enable them to work in supportive and self-sustaining groups.

- 3.60 More importantly, perhaps, is that the schools themselves are anxious to know the future. They are actively discussing the government's desire that all schools are to be academies and looking to the authority for support and guidance. We need to be able to give a strong steer, to have a viable and realistic plan that schools support, and create a climate in which Leeds schools feel secure and able to work together to drive up standards.
- 3.61 As a city we are still of the opinion that academies should not be regarded as the panacea, and that great schools have strong leadership that delivers a culture and ethos of excellence in which teachers develop strong learning relationships with children who are engaged and excited by education and thrive. It is the aim of Leeds that all schools are great schools with strong leadership and high expectations, regardless of their constitution.
- 3.62 Leeds continues to provide strong support for Learning Improvement throughout this time of change. There is a clear understanding that children are at the heart of the economic growth of the city and that targeted learning can enable citizens of the future to benefit from future prosperity. Leeds emphasises strong economic growth within a compassionate city; great schools and settings give doorways out of inequality and allow an opportunity to address gaps in learning and opportunity.
- 3.63 If we are to successfully position the local authority alongside the schools and academies of Leeds, we have to acknowledge this emerging environment and find a way to work building a distinctively Leeds community of learning in which schools can feel safe and resilient and able to focus on learning.

### **Risks/Opportunities**

- 3.64 There is a risk to the local authority if we do nothing at all. If we do not offer a level of support to the schools still maintained by the local authority that enables them to feel safe and confident that they have a secure future, then they may look for that security within existing Multi Academy Trusts (MAT). If we want to maintain a strong and coherent learning community in the city, we need to be able to support schools to hold their nerve. We need schools, or groups of schools, to be making proactive decisions from a position of strength, based on improving life chances for children and with the luxury of being able to take time to make sound decisions.
- 3.65 This risk is increased within primary schools in particular where the minimum number of children needed to create a functioning MAT is at least 1500. The implications of this is that groups of four or more schools will need to be able to come together to create a formal partnership. Decisions made in haste do not always create the strong, trusting relationships that are needed for a highly successful organisation.
- 3.66 We would also want to have an education system within the city that is equitable and fair. We need all schools to be strong, capable and resilient; able to cope with the changes that are a feature of education. The risk is that time spent creating the legal entities that are Multi Academy Trusts, forming working relationships and running the companies that the schools become will be a distraction to teaching and learning for some – and they may fail.

- 3.67 There are also opportunities for the city. We are creating strong alliances within the city, based solely on Leadership and Management / Teaching and Learning and we are working alongside schools to mature those relationships. If we can support schools to move forward and land safely into a distinctive community of learning, this will enable us to have a citywide influence with schools, families and young people.
- 3.68 Whilst we are in a financially restrictive climate we need to ensure that we use resources wisely and deploy the intelligence of the city to positively influence schools. This is an opportunity, therefore, to reshape the Learning Improvement team to be more focussed, efficient and effective.
- 3.69 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. 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 learning.

### **Good Learning Places**

- 3.70 Leeds City Council has a statutory duty to ensure there are enough school and learning places for every child in Leeds. The council uses birth data, information regarding movement in, out and around the city and changes in parental preference to identify areas where changes to numbers of school and learning places are needed. Working with teams across the Council and with partners across the city, the Sufficiency and Participation Team seeks to identify solutions to meet the growing demand for learning places. When there is an identified need to change the volume and/or type of places, the team consult widely with key stakeholders initially, using Restorative Practice and Outcome Based Accountability methodologies, followed by public consultation. The details are published online and any proposals go out to a full public consultation.
- 3.71 Local authorities who identify the need for a new school may not choose to open a community school, but must seek use the Free School presumption to open a new academy. Whilst the local authority may express a view as to a preferred provider the final decision rests with the Secretary of State. Free schools proposers may also proactively submit bids to the Secretary of State to open a new school in an area. Whilst those bids may be supported in principle there is a significant technical difficulty when the Education Funding Agency then seek to identify a suitable site for the new school. This can lead to extensive delays and uncertainty around if, or when, school places may be created.
- 3.72 Where a local authority seeks to carry out its strategic planning function and brings forward a Free school presumption, it must also provide the land and funding for the new school. Increasingly the local authority does not own land in the areas of greatest need, and the level of funding provided is insufficient to meet the full building costs, and does not provide anything for the acquisition of land. It is currently anticipated that the deficit in funding for school places in Leeds will reach £84m over the next three years.

- 3.73 In Leeds, there are a wide range of Early Years, Primary, Secondary and Post 16 schools and settings; all of which are facing a situation where the need for places is increasing. There is also a marked rise in the number of children who experience complex needs and require diversification and modernisation of schools and settings.
- 3.74 Over the past five years the birth rate in Leeds has stayed at a consistent level of around 10,000 births per year. This is in comparison to our smallest year groups in Years 10 and 11 (14-16 year olds) who have around 7,300 children per year. The increase in births has resulted in significant pressures for school and learning places.
- 3.75 In addition to the rising population, mobility rates in Leeds are also putting further pressure on the demand for schools places during the academic year i.e. outside the annual cycle of Reception and year 7 placements. By the end of the last academic year 2015/16, there had been an increase in in-year transfer requests of 20 % compared to the same period the previous year. Approximately 20% of the applications are from families who are new to the country, however whilst this proportion appears to be increasing it in no way accounts for the overall rise in movement into and around the city. The majority of in year transfers are successful in gaining a place at one of their preferred schools or at a school within a reasonable distance of their home address. Where the Admissions Team are unable to offer a child an accessible school place because all schools within a reasonable distance are full (this is 2 miles walking distance from their home address for children under the age of 8, and 3 miles for children over the age of 8), this is classed as 'shortage'. The pressure for places is particularly acute in year 1 and year 2 due to infant class size legislation.
- 3.76 Of the 5,266 in-year transfer requests received during 2015/16 academic year, 496 were shortage cases. The majority of these children were offered school places through general pupil movement. In areas experiencing high levels of in-year transfers, additional capacity within schools was created. During the 2015/16 academic year 225 additional places (the equivalent of 7.5 forms of entry) were created in schools across Year 1 to Year 3.
- 3.77 We call this process 'Good Learning Places' as we aim, not only to address sufficiency, but to do so in a way that enables quality learning in an enriching and engaging environment, combining the elements of Learning Systems and Learning Improvement.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 In Leeds, we acknowledge that schools are more than just learning places and are also a gateway to being a child friendly city. When the city asks: 'what is it like for a child to grow up in Leeds?' a large proportion of the answer is based in the work that schools do in our communities. Through schools, the local authority has access to every child, young person and family in the city.

4.1.2 The nationally acknowledged support networks of clusters, regarded as a gift by Ofsted, and the more focussed REST teams (Restorative Early Support Team), supported by the government through the latest innovations bid, rely on the strong relationship that exists between the schools, including academies, and the local authority. Whilst that relationship needs to change, and indeed is changing, it enables a strong cooperative and collaborative learning community that continues to develop a strong sector led drive whilst benefitting from the large, supportive infrastructure that the local authority provides. The newly developing relationship with our learning places is much more symbiotic and understands that an economically strong and compassionate city needs great schools, and that great schools are supported by the strength a vibrant and dynamic city.

4.1.3 There is effective consultation built into the work that we do with schools, children and families across the areas outlined in the report.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 The vulnerable learners section of the report details the challenges of improving equality and diversity in the context of increasing pressures on the system. The Best City for Learning and the Annual Standards Report provide specific information on the priorities and objectives in relation to equality and diversity in Leeds.

## **4.3 Council policies and Best Council Plan**

4.3.1 This report highlight the challenges to delivering the outcomes and priorities as defined in The Best City for Learning 2016-2020, The Best Council Plan 2013-2017, The Children and Young People's Plan 2015-19, The Best Start in Life Strategy, Child Friendly Leeds and the Leeds SEND Strategy 2014-17.

## **4.4 Resources and value for money**

4.4.1 The level of investment in children and young people is considerable. The need to continue to improve learning and education across Leeds means that this must remain a high priority when allocating resources. The potential challenges outlined in this report only serve to sharpen the necessity of this investment to ensure that we continue to improve the lives and outcomes for all our children and young people.

4.4.2 The considerable challenges created by changes to national funding and changes in national policy are set out in the report.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 This report is subject to call in.

## **4.6 Risk Management**

4.6.1 Risk is managed through a variety of groups, depending on the topic of consideration. These include, but are not limited to: Children and Families Trust Board, Children's Services Leadership Team, Vulnerable Learners, Complex

Needs Board, Schools Forum, Dedicated Schools Grant Board, Basic Need, Learning Improvement Leadership Team, Future In Mind Programme Board.

## **5 Conclusions**

- 5.1 This report has provided an overview of the potential future challenges to education in Leeds. The impact of these challenges, and the level at which they are implemented, is dependent on national and local policy changes. The need to focus on improving outcomes for all of our children and young people is now more pertinent than ever, and Leeds will continue to fight to improve the lives and educational achievements for future generations.

## **6 Recommendations**

- 6.1 The executive board is recommended to:
- 6.2 Note this report as it details the potential significant future challenges to education in Leeds.
- 6.3 Consider the impact of these challenges in the different areas in Leeds, and discuss approaches to mitigate the effects of these.

## **7 Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> 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.