

**REPORT FOR: EDUCATION
CONSULTATIVE FORUM**

Date of Meeting: 7 November 2011

Subject: **INFORMATION REPORT -
Academies Update**

Responsible Officer: Adrian Parker, Head of Education
Strategy and School Organisation

Exempt: No

Enclosures: None

Section 1 – Summary

This report provides Members an up-date on the conversion of 7 high schools to academy status.

FOR INFORMATION

Section 2 – Report

Introduction

1. On 1 August 2011, 7 high schools in Harrow converted to academies. The schools are Bentley Wood, Canons High, Harrow High, Hatch End, Nower Hill, Park, and Rooks Heath College. The academy conversion process and progress was reported to Members including three reports to Education Consultative Forum in March, April and June 2011.

Options considered

2. Harrow has a history of good partnership working between Council, schools, governors, parents and young people. In the report to the Education Consultative Forum in April, elected members stated their position on academies and their preference for schools to remain within the family of schools in the borough. However, they confirmed their commitment that the Council would support the schools and work in partnership with them regardless of the outcome regarding academy status.
3. The decision to convert to academy status lies with the governing bodies of schools and the secretary of state.

Current situation

4. Outstanding issues reported to EdCF at the report in June 2011, were resolved including the pension arrangements for transferring staff. In July a briefing session was held for governors and headteachers across school sectors to outline the process to become an academy and highlighted some key issues to consider.
5. Officers are unaware of other schools considering academy status, though one infant sector school has registered interest with the Department for Education. However, officers have a comprehensive set of documents to support the process should other schools consider academy status.

Other Matters Arising

6. There are a small number of issues that are being addressed by the council as a result of the schools becoming academies. The most significant of these issues is around funding which is further complicated because of the infancy of the academy status and the emerging government policy. The key points are outlined below.

School Funding Consultation and Academy Funding.

7. Before the Academies were established, all Harrow Schools were funded by the Dedicated Schools Grant (DSG). This is allocated to Harrow based on pupil numbers. Most of this funding is passed to schools although some of this funding is retained by the local authority to fund central expenditure. This is mainly specialist education needs (SEN) provision. From 1 August 2011, the Academies received their funding direct from the government via the Young Peoples Learning Agency (YPLA). The DSG funding to Harrow has been reduced by the

amount now provided directly to the academies. Officers have been working with the YPLA to ensure that the clawback is correct.

8. From 1 August 2011, the Academy budgets included extra funding for the additional responsibilities taken on. This is known as Local Authority Central Spend Equivalent Grant (LACSEG).

Government Consultation on School Funding

9. The government is reviewing funding for all schools, including Academies. In April 2011, the government launched an initial consultation on school funding *School Funding Reform: Rationale and Principles*. This has been followed with further consultations including *Proposals for a Fairer Funding System* in July 2011 and *Future Arrangements for LACSEG*. The implementation timetable for the proposed changes is yet to be confirmed but it will be 2013/14 at the earliest. There will be transitional arrangements to avoid school budget turbulence though the details are not known.

Service Level Agreements

10. All schools, including academies are able to purchase services from the local authority or other providers. Harrow Council has a range of service level agreements that schools buy. These include building maintenance, legal services, payroll, music service and cleaning. This is a considerable income to the council of approximately £4.5m.
11. The 7 academies agreed to continue their existing SLA with the Council until March 2012. The Council are working to develop their services to maintain and build their customer base and have employed an Interim Commercialisation Manager to bring this work together.
12. The commercialisation project has been initiated to identify and maximise opportunities for increasing external income and to minimise any potential losses of income from schools switching to private sector providers. The project is structured into three themes:
 - External Fees & Charges
 - Services to Schools (Service Level Agreements)
 - Academy tendering programme
13. The focus for the Fees & Charges workstream will be to secure agreement of a charging strategy which will be closely aligned to the Council's Corporate Priorities, protecting vulnerable groups, delivering policy intentions, providing a clear narrative on subsidy and raising revenue from key external sources.
14. Project work in Services to Schools is initially focussed on delivery standards and making an active response to the satisfaction survey results. Many providers have been given very positive feedback from the schools; others have not delivered the expectations of their customers. The project is aiming to investigate and refocus services where failures have been noted, and expected improvements will be highlighted and explained in the 2012/13 SLA offer that will be sent to

all schools in December 2011. Work is also progressing on designing some new services to schools which amongst others is likely to include a procurement and purchasing service.

15. Academy schools are assessing the tendering options for Legal Services, Payroll & Contracts and Human Resources. The Council are working proactively with the Academy tendering group and are intending to submit tenders at the point when formal tendering processes are initiated.

Section 3 - Further Information

All relevant information is contained within the report.

Section 4 - Financial Implications

16. Following conversion the academies receive their funding from the Young People's Learning Agency (YPLA). In 2011/12 the council is expecting the YPLA to clawback DSG in respect of the school budgets of £29.1m. Although all the data on the clawback has been submitted to the DfE they have yet to confirm these totals.
17. The DfE will also clawback a further £126k of Dedicated Schools Grant (DSG) in respect of central expenditure services where duties have transferred to the Academies. These include admissions, the Ethnic Minority Achievement Service and some Harrow Tuition Service spend on behavioural support. If the loss of DSG is not recouped through charging for these services then these services will need to look at alternative ways of meeting the resulting budget pressure.
18. The Academies also receive Local Authority Central Spend Equivalent Grant (LACSEG) in respect of local authority funded services. The DfE are currently funding this element of LACSEG from a national top slice of local government funding in 2011/12 and 2012/13. In Harrow this top slice totalled £1m across the 2 years. One of the key issues was that the top slice impacted all LAs equally and took no account of the number of academies that actually convert.
19. In the summer the DfE issued a consultation proposing that the reduction to LA Formula Grant should reflect the cost to the DfE of providing LACSEG funding to academies. As the actual number of conversions are significantly more than were expected they are proposing to recoup more LA Formula Grant in 2011/12 and 2012/13 where authorities have had higher numbers of academy converters. Due to the 7 schools converting Harrow now has one of the highest proportions of pupils in academies. Consequently the adjustment proposed in the consultation will be detrimental to Harrow. The extent of any further adjustment is unclear as there are so many unknown variables. However if they look to recoup the full cost of the actual LACSEG paid to the 7 academies the council could potentially lose a further £775k of formula grant in addition to the £1m already top sliced.

The DfE have yet to issue their updated proposals following the consultation.

20. In addition, on 4 October 2011 the DfE issued a further consultation proposing to include school specific contingency in the DSG element of LACSEG. A response has been submitted opposing this as it will result in the clawback of funding currently held for new high value costed statements and funding for additional classes and pupil growth.

Risk Management Implications

21. A project management approach was adopted to create a programme to meet the demanding timetable for the conversion to academy status. This included a risk log to record key risks and manage them as part of the programme governance.

Section 5 - Equalities implications

22. Was an Equality Impact Assessment carried out? Yes
23. Equalities implications were considered throughout the process of the academy conversion and brought to the attention of the Governing Bodies as decision-makers in relation to the conversion.

Section 6 - Corporate Priorities

24. These considerations will support the Council's Corporate Priorities for 2011-2012:
- United and involved communities: A Council that listens and leads.
 - Supporting and protecting people who are most in need.

Name:	Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date:	21 October 2011		

Section 7 - Contact Details and Background Papers

Contact: Johanna Morgan, Education Professional Lead, Education Strategy and School Organisation, 020 8736 6841.

Background Papers: Reports to Education Consultative Forum on 1 March 2011, 6 April 2011 and 27 June 2011, and reports to Cabinet (all publicly available on Harrow Council website).