

Open Report on behalf of Peter Duxbury, Executive Director Adults and Children's

Report to:	Executive
Date:	06 September 2011
Subject:	The Council's Leadership of Education
Decision Reference:	11.0 01928
Key decision?	No

Summary:

This paper is to consider how the Council can fulfil its leadership role both as champion of education excellence and as provider of support services to schools within a changing education system.

Recommendation(s):

The Executive is invited to confirm its support for Option 3, the LA to encourage all schools to convert to academy status. If schools need advice on a Trust/Sponsor, the Council would encourage schools to choose a sponsor who supports LCC's strategic priorities including a commitment to support small/vulnerable schools. CfBT is the only provider currently who has confirmed this commitment to date but the Council would not express any preference between CfBT and any other provider who had confirmed a similar commitment and had evidenced its ability to deliver.

Alternatives Considered:

1. The following Options have been considered:-

Option 1 - Do nothing and continue with the current position.

Option 2 - The LA to encourage all schools to convert to Academy status through a variety of existing sponsors.

Option 3 - The LA to encourage all schools to convert to academy status. If schools need advice on a Trust/Sponsor, the Council would encourage schools to choose a sponsor who supports LCC's strategic priorities including a commitment to support small/vulnerable schools. CfBT is the only provider currently who has confirmed this commitment to date but the Council would not express any preference between CfBT and any other provider who had confirmed a similar commitment and had evidenced its

ability to deliver.

Option 4 - to encourage schools to stay in the maintained sector with the LA.

The benefits and challenges of each of these options are considered in Appendix A

Reasons for Recommendation:

If LCC is to provide leadership to the education community and continue to secure its statutory obligations, it must identify an approach which promotes access to education opportunities, diversity and parental choice. It is clear that there are significant challenges for the LA to confirm a position which prevents the possible closure over a relatively small timescale of small schools.

Clearly LCC could leave the development of Academies to the free market and the churches, or it could seek to influence or take a leadership role in developing the education system. In influencing the system, it needs an approach which helps to preserve smaller schools to enable choice and diversity, which maintains the provision of support services to promote quality and which promotes access to education opportunities for all children and young people.

Although the decision rests with Governing Bodies, LCC would confirm its preference for Schools to convert to Academy status and to seek a sponsor which provides the greatest support for the LA in fulfilling its responsibilities as a champion of educational excellence, a champion for parents and an excellent commissioner. CfBT is the only provider to date who has confirmed this commitment and who has offered sponsorship to all schools.

1. Background

A motion was agreed at Full Council on 11th February 2011 and on 20th May 2011 which asked that the Local Authority (LA) make a clear policy statement through its formal decision making processes about what it sees as its leadership role both as a champion of education excellence and as a provider of support services to local schools

A paper was presented to Children and Young People Scrutiny Committee on 26th July 2011 and this paper seeks to respond to these motions incorporating the factors considered at Children and Young People Scrutiny Committee

The paper is in the following sections:

1. Background – sets out the current situation with schools, academies, and the benefits of a partnership approach
2. Coalition policy – describes the legislative changes and the new LA role
3. Key issues – summarises the key risks and issues for the LA as a result of changes

4. Options – sets out the ‘long list’ of potential options and the criteria used to analysis the options
5. Conclusions

Appendix A outlines benefits and challenges of options based on appraisal themes

(1) Background

Lincolnshire is proud of its variety of schools and has always adopted strategies which promote equity across its network of schools. Lincolnshire embraces the mix of categories of schools and, therefore, an array of Governor Body's composition and styles, and hopes that it has served every Governing Body equitably and inclusively. We remain strongly committed to working in partnership with all our schools and academies and value the close working relationship we have. Lincolnshire continues to be one of the highest performing Authorities nationally across both primary and secondary phases. This has been achieved through integrated work across School Improvement and wider Children's Services and through supporting a variety of collaborations and federations which have improved standards year on year across the county.

The Council has always done what is has thought best for Lincolnshire children and young people and has engaged with Central Government programmes where these have furthered this aim. The Council has demonstrated its commitment to the Academy programme since 2006 and, to recognise this, Lincolnshire has received approximately £160 million in capital investment through the academy programme. We have seen strong evidence locally that the Academies programme has helped enormously in raising standards in schools across the county through school federations and mergers.

Our current composition of schools is 360 schools (as of writing the report).

- 5 nursery schools
- 276 primary schools (7 academies)
- 56 secondary schools (19 academies)
- 21 special schools.

This includes a mix of community/ foundation / voluntary aided/ faith and grammar schools. We anticipate that 55% of the secondary sector (or 60% of pupils) will be academies. With regard to the primary sector, it is estimated that 11% of primary pupils will be educated in academies by January 2012.

(2) Coalition Policy

This section describes the legislative changes that are changing the role of the council with regard to schools.

Since the coalition government came into power there have been significant and rapid changes to the Education System. The focus of the change has been to introduce an education system which shifts power and resources to schools as it is considered that this approach will reduce the attainment gap which has existed for some time. The changes intend to make our state education system the best in the world where there is the best absolute performance and the highest levels of equity.

The direction of travel of the coalition government is for all schools to be invited to become Academies and to move away from LA governance to control from central government.

The features to the new education system are:

- **Greater autonomy for schools** – Holding academies to account centrally, with freedom from LA control
- **Improved parental choice** - A wider offer of good schools through free schools and academies
- **Improved teaching** – Reform of teacher training
- **Funding reform** - A possible move to centrally fund schools through a national funding formulae and by diverting funding away from LA's towards schools directly

However, despite more central and less local control, children's education is vitally important to our local communities. The LA will continue to have a role in local communities and Lincolnshire families will continue to look to the LA for a supply of good schools. It is likely that Members will continue to see education performance as central to their democratic mandate.

Alongside this shift from local to central funding and control of education, the LA retains significant responsibilities and duties with regard to schools and school-aged children.

Our statutory obligations are not repealed by the new Education Bill. Indeed as the motion pointed out, the Council is still seen as having a role in championing excellence, diversity and parental choice.

Therefore the Council's role continues to be to balance the raising of standards with the maintenance of a diversity of provision, choice for parents and a focus on local communities. What might be seen as having changed are the terms of the Council's engagement with schools – i.e. from a position of control to one of influence. In fact, however, with the introduction of Local Management of Schools and given the Council's commitment to empowerment and school autonomy the Council has always been committed to influencing and not dictating to Lincolnshire schools and we remain committed to this approach. High education performance has always been and will continue to be at the heart of LCC's aspirations for its community. As national policy drives a change in the Authority's relationship and influence in its schools, LCC needs to provide leadership and offer clarity on its education policies so Governing Bodies can determine how best to drive up standards at school level. Through this leadership LCC will ensure that it creates the conditions for schools to thrive so all children and young people in Lincolnshire have access to strong educational opportunities. Strong school improvement is essential so re-negotiation of our school improvement will be necessary within a changing education environment.

(3) Key Issues

This section describes the key risks and issues for the LA as a result of changes.

There are a number of issues with potential risks which need to be considered in the rapidly changing education environment:

- **Funding** - There are some potential significant funding implications for the LA as more schools convert to Academy status. As the LA is not required to provide non statutory school support services to academies, there is more than a strong possibility that LCC will not be funded for these services in the future. If all schools converted the LA (subject to a decision on how academies are funded), could see a reduced revenue grant of £28m from 2012/13. This funding would be directed to academies who would have discretion on how to purchase support services which meets their needs. Academy funding for 2011-13 is currently subject to 4 week consultations (throughout August 11). Indeed schools funding as a whole is also

subject to consultation with changes expected post 2013. The academy funding consultation confirms that the Department for Education is of the provisional view that it is reasonable to conclude that local authorities should be able to make savings which are commensurate with the reduction in responsibilities which a transfer of schools to Academy status entails. Therefore, if this view remains the Secretary of State could calculate the reduction to local authority funding in respect of transfer of services to Academies on the basis that it should reflect the cost to the DfE of providing funding to Academies for support services. Although it is not possible to calculate the exact budget reduction LCC could have, as the number of academies in 2012/13 is unknown and the outcome of the consultation is also unknown. However provisional estimates on the expected number of academies would indicate that LCC funding could reduce by £9 million in 2012/13 based on the existing funding methodology. Strong and proactive leadership by the Council to manage this pressure is essential. However, it must be highlighted that it is not possible to confirm financial implications as outlined in the resources comments contained in this report.

- **Sustaining small/ vulnerable schools** - We have a strong history of supporting small rural schools reflecting the nature of Lincolnshire. Additional freedoms at school level and the ability to be entrepreneurial and trade in services suit many of our large, thriving secondary schools (and some primary schools). However, many of our small primary schools lack capacity to take on these additional freedoms. Collaborations offer a solution but sponsoring small/ vulnerable schools could be seen to be a business risk for potential sponsors. Any business running a Primary school would argue the minimum size is of the order of 180 pupils; this is a one form entry Primary school. More than 67% of Lincolnshire schools fall below that figure and 30% take fewer than 100 pupils. The development and implementation of the current Academies policy could lead to 184 out of 276 primary schools being at serious risk.
- **Continuing Role of the Local Authority** - The LA will continue to have statutory duties in relation to education. Although a reducing and changing role is expected following the current Education Bill, LCC's involvement in education continues to be very important to members and those living in the county. Our leadership role will ensure that we create conditions for schools to thrive and that there are effective school support services available and accessible to all our schools
- **Sustaining high education performance for all children-** The new floor standards which require 50% of pupils achieving 5A*-C including English and maths means that Secondary Modern schools are at serious risk, especially where Grammar schools choose to fill places. We estimate that about 10% of our Primary schools are also at risk of not achieving floor standards. In these cases the Government will expect an academy solution to drive up performance. However, if standards are to be maintained at least at floor levels across a range of schools which might struggle to become Academies sustainable school improvement and other support services will be critical.
- **Traded offer for school support services** - The Authority has sought to trade with academies for those services they receive funding for. If not viable, the Council has stated its intention to decommission these services. This could lead to a loss of a support infrastructure for schools that continue to be within the maintained sector. Although the Council's approach to the changing educational environment should not be based on the preservation of its own traditional role in providing services, it is appropriate for the Council to consider the importance of

such services in maintaining standards whilst preserving diversity and choice. If the Council sees such services as central to the balance between quality diversity and choice it may be minded to seek to influence schools towards a solution in which the negative impact on those services is minimised.

- **Community Awareness:** We expect that Academies will not be funded or held to account by the LA – However the reality is that since Local Management of Schools (LMS), schools have been largely autonomous with co-operation achieved through influence. To some extent the location of all schools within the academies framework, nationally funded and nationally “performance managed” will not remove the community perception that the LA has a key role in local schools. There will be a continuing perception of members assisting and influencing schools in their areas so it is important that we create the conditions for schools to thrive and provide good educational opportunities for all.
- **Capital investment in schools** - The council’s role in the allocation of education capital spending on education is a key determinant of its powers to bring forward new provision. The Secretary of State has confirmed that he accepts the majority of the recommendations of the James review into education capital funding. This is currently subject to consultation and focuses on the best model for allocating and prioritising capital, recognising the increasing diversity of the schools estate;
- **Parental Choice** - The policy drive is to focus on sufficiency of places with Academies and Free Schools enhancing parental choice. However this may lead to unsustainable schools which will struggle to provide a satisfactory curriculum as numbers of children reduce in some areas. This position will be exacerbated by the revised Admissions arrangements which will encourage popular schools to expand with the impact on less popular schools. The Government expects over-capacity in schools to enable parental choice to be further realised. In promoting a supply of good schools, the Council will need to consider parental views on academies and the possibility of increasing transport costs
- **School Choice** – Notwithstanding the fact that the Authority will confirm its policy position on Academies, it is important to make clear that the decision on conversion rests with individual Governing Bodies. The Authority cannot force schools to convert as the decision is with the Governing Body, except where there are performance concerns. Nor can it prevent a school from converting where it wishes to do so. Whilst this approach to parental choice and schools growth and closure could work well in an urban environment, it may have severe consequences for Lincolnshire in relation to maintaining communities on the one hand and hugely increased travelling and travelling costs.
- **Transport costs** – The new Admission Code is out for consultation at present. It proposes a shift away from the LA acting as the strategic commissioners of school places and puts more emphasis on an education system which is driven through choice and not through strategic planning. This may enhance choice but in a county the size of Lincolnshire, the Council’s policy on transport is likely to be a significant driver in parental choice. The policy changes could mean increased transport costs for LCC so reflection of the existing transport policy is required. LCC currently spends circ £27 million on transport each year which is one of the largest of all shire counties in the country. The transport budget is not funded by the Dedicated School Budget but through central government grant and local taxpayers

Overall the issue facing the Council in the light of these issues is this. Academies have a central role to play in driving up educational standards and attainment. In pursuing its statutory obligations and its role as champion of excellence the Council must recognise this. However, the move towards Academy has the potential to atomise the school community and the provision of school improvement and other support services. This in turn has the potential to impact adversely on other elements of the Council’s obligations and its role as champion – namely access, diversity and choice. It also has the potential to force up the cost both of supporting schools that remain in local authority control and the residual local authority services that the Council is obliged to provide to all schools including transport.

The question addressed by the remainder of this Report is how should the Council use its influencing role to shape the educational landscape in Lincolnshire to balance these issues and to show strong leadership to schools and our communities.

(4) Options

This section sets out four options for the Council’s position on academies;

- Option 1 - Do nothing and continue with the current position
- Option 2 - The LA to encourage all schools to convert to Academy status through a variety of existing sponsors
- Option 3 - The LA to encourage all schools to convert to academy status. If schools need advice on a Trust/Sponsor, the Council would encourage schools to choose a sponsor who supports LCC’s strategic priorities including a commitment to support small/ vulnerable schools. CfBT is the only provider currently who has confirmed this commitment to date but the Council would not express any preference between CfBT and any other provider who had confirmed a similar commitment and had evidenced its ability to deliver
- Option 4 - To encourage schools to stay in the maintained sector with the LA.

The benefits and challenges of each of these options are considered in appendix A

Recognising that the decision remains with governing bodies, they will require clear advice to help them determine the best way forward. Our approach is to consider this advice on criteria to analyse the options.

Our approach must ensure that the LA can continue to meet its statutory obligations in relation to ensuring high standards, securing education opportunities for all, diversity of provision of schools and parental choice. Our preferred approach in relation to the above options must therefore secure quality, access, diversity and choice. For example the LA would see a solution which seeks to preserve local schools to enable choice and diversity. To achieve this, we need an education system which will be sustainable, affordable and deliver great outcomes for children by enabling high performance.

Using these themes, we have developed the following criteria, based on our aspirations:

Appraisal theme	Appraisal criteria – will the option...?
Sustainable	<ul style="list-style-type: none"> • Create sustainable structures to support rural primary schools • Maintain high quality infrastructural services for all schools in a large rural authority •

Affordable	<ul style="list-style-type: none"> • Be affordable to the Authority within the new funding system • Ensure the County Council best value for money and offset potential costs of existing contracts or LCC staffing
Enable high performance	<ul style="list-style-type: none"> • Provide a framework for leadership for our schools • Cause minimal disruption to schools and give schools confidence in moving forward • Fit with coalition vision for academies playing a central role in driving up performance

These criteria have been used as the basis for our analysis of the benefits and challenges of each option. This analysis is outlined in appendix A.

2. Conclusion

The Executive is asked to receive and consider this report and to comment accordingly.

3. Legal Comments:

The decisions required by this report are within the remit of the Executive.

4. Resource Comments:

It is not possible at this time to quantify accurately the financial implications arising from the recommendation in this report. Academies receive extra funding in recognition of their additional responsibilities and for 2011/12 and 2012/13, the government top-sliced all local authorities' formula grant to help finance the projected costs. However, that was subject to a legal challenge and, as a result, the DfE recently launched a four week consultation to reconsider those deductions. In response, the LGA and many local authorities have challenged the way that academies are being funded and have contended that the deductions to local authority budgets are significantly overstated. It is not clear how the government will respond, but there is a very significant difference between the DfE's estimate of the funding needed for academies and the level of savings that local authorities believe they can deliver. It could well be the case that any current financial incentives to convert to academy status are significantly reduced, especially when LA responsibilities under the New Burdens doctrine are also considered. Until firm decisions are made, it is not possible to estimate the financial impact of any of the options presented in this report. Furthermore, in July, the DfE also launched a twelve week consultation on the future of school funding and this is also likely to have implications for the funding of academies and maintained schools, including small schools.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This matter was considered by the Children and Young People Scrutiny Committee on 26 July and option 3 was considered to be the preferred way forward.

d) Policy Proofing Actions Required

n/a

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Option Appraisal

7. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Debbie Barnes, who can be contacted on 01522 553204 or debbie.barnes@lincolnshire.gov.uk.