

**20 April 2016**

**EDUCATION EXCELLENCE EVERYWHERE**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To set out for Forum some of the main features and impacts of the White Paper Education Excellence Everywhere (EEE) on the Hertfordshire education system. This report does not attempt to cover in detail the full range of proposals in the White Paper, only those with a substantial financial or structural aspect.

**2. Recommendations**

- 2.1 Forum is asked:
- (i) To note this report and the likely future reports related to this.
  - (ii) To agree to establish a sub-committee of Forum to deal with arrangements for maintained schools after September 2017, as set out in para 3.24.

**3. Background**

- 3.1 The Government's White Paper *Educational Excellence Everywhere* was published on 17 March 2016. The White Paper covers teaching and leadership in schools, (Chapters 2 and 3), preventing and tackling underperformance in academies (Chapter 5), curriculum reform (Chapter 6), governance and standards (Chapter 7), and fair funding for schools (Chapter 8), which is the subject of a separate consultation.
- 3.2 Extracts from a briefing prepared by the LGA which summarises the main issues which will directly affect councils are attached as Appendix A.
- 3.3 The White Paper complements the consultation published just before it on changes to school funding arrangements, which is dealt with earlier on this Agenda. Together, these reforms as published would spell the end for a significant role for local government in promoting or holding accountability for quality of provision in mainstream education. The service in future will be

controlled centrally, both in terms of funding and oversight of standards and quality, exercised in part via Ofsted and in part via the local offices of the Regional Schools Commissioners. However, the changes are not simply centralisation; the new system will be a mixture of greater central as opposed to local control by government, but at the same time greater de-regulation or disengagement at local or operational level.

- 3.4 To give effect to this the Government has also announced the mandatory conversion of all schools to Academy status by 2020 or shortly thereafter, including a requirement for small schools eventually to join Multi-Academy Trusts (MATs). By 2022 there will no longer be local authority maintained schools.
- 3.5 DfE will be ending £9m of annual non-ring-fenced grant (Education Services Grant, ESG) related to LA activities that will be coming to a close, with effect from September 2017.

### **Implications and priorities for the Council and for Hertfordshire schools:**

- 3.6 The changes require a response from the Council and/or schools in 3 major priority areas:

1. Management of the council's exit from existing roles and activities, and reshaping some of those that remain

Currently, HCC spends about £7m on activities for which ESG will be withdrawn from summer 2017 and about £3m on activities which will in future be funded via DSG. The major elements in the first category are the large part of the HfL contract, the Music Service, and various financial services and activities. About £9m of grant will be withdrawn, which exceeds relevant spending by several million. Further work is also required on the proportion of this spend which is simply apportionment of indirect overheads that do not directly relate to or vary with the activity in question.

2. Future quality of educational provision in the county

The greatest priority for HCC and for maintained schools must be to seek to manage the transition of status both for itself and for schools in such a way to maximise the chances of the current high quality, effective education system in the county continuing into the future following HCC disengagement. This requires close working with schools and the RSC.

3. Maintenance of effective relationships between HCC and schools in relation to continuing responsibilities for SEND and disadvantaged children

A further major priority is to maintain schools' engagement in and commitment to close working relationships round children with SEND, for whom HCC will have continuing responsibilities funded via the High Level Needs block of the DSG. The same applies to children in need or at risk in various ways, and the interaction between schools and our early help/early

intervention services. These relationships are key both to service quality and cost control.

### **Activities aligned to these priorities**

#### **Priority 1: Managing the Council's exit from existing roles, and reshaping residual roles**

- 3.7 There are a series of roles and activities, some strategic and some operational, where “exit strategies” will need to be developed. The major areas of activity are as follows:
- A. School improvement – the HfL contract.
- 3.8 Current expenditure on this area of activity, including HCC-side staffing and budgets, is about £3.5m. This covers more than just school improvement.
- 3.9 Until all schools are academies, HCC will continue to have a series of responsibilities for them in terms of standards and governance as well as other matters. Further, DfE requires considerable engagement from HCC round standards and Academisation, and this will need to be resourced on a continuing basis. The process of supporting schools to form MATs and convert will require resources and funding, and the Council will have a duty to work with the RSC to facilitate this.
- 3.10 The funding consultation paper also sets out the option for maintained schools, via decision of Schools Forum, to in effect de-delegate funding to allow the continuation of some central support. In this context it is important to note that the proposed changes to ESG will put both Academies and Maintained schools on an equal footing as regards funding for the former ESG-type services such as school improvement; neither type of school will receive any funding, after the end of transitional arrangements, and both may need to pay for such services from existing budgets. This is dealt with in more detail in para 3.24, below.
- B. The Music Service and other “Central Services”
- 3.11 Music services have historically been provided by the Council and expenditure recorded in the S251 statement under “Central Services” which is one of the categories of expenditure against which ESG is notionally set. Further work is required on the potential impact of these changes on the service.
- C. Statutory and regulatory duties
- 3.12 There are a series of other duties and activities of various types which relate to maintained schools. The largest category are financial in nature – internal audit, schools financial management, budgeting and accounting, maintenance and development of the schools funding formula, etc. ESG

also currently covers the costs of new redundancies in schools where these are required to be met by the LA and not from the school's delegated budget.

D. Repairs and maintenance/ other property

3.13 The Council currently delivers an R&M programme of c£18m annually for maintained schools. Funding will continue to be provided until all schools are academised, and legacy works will probably continue even afterwards.

3.14 It appears that there will be a transfer of some or all HCC education holdings to DfE, certainly when schools academise, but probably all legacy holdings. When the legislation is enacted, schools will be prohibited from moving to Foundation status (i.e. taking freehold ownership of their sites) prior to conversion.

**Priorities 2 and 3 – future standards and relationships**

3.15 Standards have been high and relationships effective in the past for various reasons, but in particular because of the strong partnership between HCC and schools – embodied in the idea of a “Hertfordshire family of schools” – and an ethos of inter-school collaboration.

3.16 Both these important priorities are at risk in two different ways:

1. Development of small MATs or single academy trusts which fail adequately to oversee schools within their remit and are unable to manage financial challenges

There is a risk that the evolutionary development of MATs at a local level may lead to groupings where schools and individuals may be comfortable with each other, but which may lack the necessary rigour in terms of management and oversight at trust level. Many schools may initially feel compelled to convert as stand-alone Academies but without the governance and organisational capacity to operate effectively in isolation.

The coming years will see schools facing major challenges in terms of finance, and perhaps a series of difficult decisions of various types. Our sponsor-led local MATs have worked most effectively, when led by high performing local schools.

If MATs are not set up sufficiently robustly then the coming years could see an appreciable number failing either financially or in terms of standards – or both – with adverse local consequences.

2. Development of MATs which are inward looking – prioritised only success within their own gates – rather than accepted wider responsibilities and the value of collaboration.

The risks of this are considerable where MATs with national not local focus become extensively involved in local school provision, and indeed there is appreciable evidence that large, non-geographically-focused MATs are particularly poor in terms of service delivery. This is our experience locally.

An interesting letter from the Chief Inspector, Michael Wilshaw to the Secretary of State, points to the serious deficiencies in many MATs including the UK's largest, and identifies geographical spread as a key challenge.

It is, however, an aim of government to promote competition between providers – i.e. MATs -- at a local level, and this does not necessarily sit comfortably with the collaborative ethos which previously governed relationships within the “Hertfordshire family”. There is considerable reference to the value of cross-border working and the need to avoid “monopolies” of provision by any provider at a local level.

### Future development of MATs

- 3.17 It should be noted that the white paper envisages a duty on the local authority to support and enable Academisation, and to work with the RSC on the design and implementation of local MATs. This has been reinforced in recent letters from Government.
- 3.18 It is envisaged by DfE that guidelines will be issued setting out the frameworks within which MATs should be developed. This might include for example, the minimum size of schools eligible to convert as a stand-alone academy. This is the framework within which the Council will be expected to work, with the RSC, to deliver full Academisation by 2010/22.
- 3.19 The RSC has the power to approve all conversion and other arrangements, and thus will exercise considerable control over what can be brought forward.
- 3.20 It is expected that Church Schools will be required to remain part of a diocesan family of schools underpinned by a Memorandum of Understanding (MoU) between the DfE and Churches. The MoU will detail clear protocols for agreeing the arrangements required when church schools become academies. C of E Schools in Hertfordshire were issued with briefing note and guidance on the formation of MATs by the Diocese of St Albans prior to publication of the White Paper.

### Resourcing and delivering change

- 3.21 The process of planning and managing an exit from active management of education in the way described above will require a considerable resource. This is underway within the Council.
- 3.22 Forum members will also be aware of the series of conferences being arranged for all primary and secondary maintained schools in May/June,

which we expect to complement with an all-schools event shortly afterwards. These are intended to explore further the issues and options round Academisation and Multi-Academy Trusts.

- 3.23 The process of moving to a MAT-based system of local education cannot be done by any single body alone. It will require HCC and the effective support and collaboration of the schools' representative bodies – PHF, HASSH, Schools Forum – and the active engagement of HfL. Meetings are scheduled or have taken place with each of these bodies.

#### Interim arrangements from September 2017

- 3.24 The implication of the consultation and the White paper is that from September 2017 there will in any case be a change in the relationship between the Council and maintained schools, as ESG is withdrawn and replaced by an expectation that services will be funded by schools. In substantial respects, this puts maintained schools into a similar position as Academy schools in a MAT, with a set of centrally-provided services. But the central Trust element of the MAT is the Local Authority.
- 3.25 It is proposed that a sub-committee of Forum is set up to consider how this arrangement ought to work, and the scale of funding that might be “de-delegated” against the activities that might pay for it. This sub-committee would comprise the maintained schools representatives on Forum – as the likely members entitled to vote on this issue -- supported by HCC and by HfL as the main deliverer of the services in question.
- 3.26 It should be noted that, since there is a degree of uncertainty whether the mandatory Academisation aspect of the proposed legislation will eventually be enacted, this could end up as a longer term arrangement in some form or another.

#### Role of Schools Forum

- 3.27 The role of Forum is to be reviewed at some stage. Given that the powers in relation to mainstream school funding currently exercised by Forum on a local level are to be centralised, the review will no doubt consider whether or not Forum should continue to exist. However, this would not be until 2019/20.

### **4. Financial implications**

- 4.1 These are considerable for both the school and the Council and are woven through the content of both this report and the accompanying one on the national funding formula.

### **5. Conclusions**

- 5.1 Forum is asked to note this report.