

**HERTFORDSHIRE COUNTY COUNCIL  
SCHOOLS FORUM**

**16 January 2017**

**AGENDA ITEM**

**2**

**EDUCATION REFORMS - UPDATE**

**Report of the Director of Children's Services**

Author:- Simon Newland  
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**1. Purpose**

- 1.1 To update Schools Forum on developments and progress on implementation of the Government's programme of Education Reform.

**2. Recommendations**

- 3.1 Forum is asked to note draft report for the Enterprise, Education & Skills Cabinet Panel.

**HERTFORDSHIRE COUNTY COUNCIL**

**ENTERPRISE, EDUCATION & SKILLS CABINET PANEL  
WEDNESDAY, 25 JANUARY 2017**

<u>Agenda Item</u> <u>No.</u>
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Report of the Director of Children's Services

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Executive Member: David Williams (Enterprise, Education & Skills)

**EDUCATION REFORMS - UPDATE**

**1. Purpose**

- 1.2 To update Panel on developments and progress on implementation of the Government's programme of education reform.

**2. Recommendations**

- 2.1 Panel is asked to note this report.

**3. Summary**

- 3.1 Panel at its June meeting received an update report following an initial report in April on the contents of the Education White Paper and the associated funding reforms [CMIS > Calendar of council meetings](#). This report updates Panel on policy announcements, funding announcements and major consultations launched since.

**4. Background**

**Changes in national policy positions and alignment with HCC:**

- 4.1 The first steps taken by Justine Greening as the incoming Secretary of State last summer were to defer a number of decisions, announcements and policy changes. The introduction of the new National Funding Formula at LA level was postponed for a year to 2018/19. The full NFF implementation date remained unchanged.
- 4.2 In November a significant announcement was made in a Ministerial Statement, as follows:

*My department has renewed its focus on ensuring everything we do drives towards improving social mobility with an emphasis on not just the most disadvantaged families but also on those that are just about managing. Our*

*ambition remains that all schools should benefit from the freedom and autonomy that academy status brings. Our focus, however, is on building capacity in the system and encouraging schools to convert voluntarily.*

- 4.3 This change of emphasis has played out in a series of other specific actions described below, and in a degree of de-emphasising Academisation as a short-term policy objective in its own right, albeit with a continuing long term commitment.
- 4.4 In March, the Education White paper was clear that LAs would be “stepping back” from school improvement in September 2017. However, in December DfE announced two new funds to support school improvement and related concerns, as described in 4.12 below below. Guidance from the RSC states:

*While the number of academies will continue to increase, we will have a diverse system of maintained schools and academies for some time, and during this interim period, local authorities will continue to play an important role in relation to their maintained schools, including helping to deliver a school-led improvement system.*

- 4.5 It seems therefor that the current (2010) HCC policy position of supporting and enabling schools to covert to Academy status when the schools judge it to be right for them, remains appropriate and aligned with current DfE policy. This is also the case for our long-standing emphasis on “narrowing the gap”. Having said that, the view expressed by the RSC locally has confirmed the importance of schools being able to be confident in their medium term capacity to sustain and improve attainment, their financial positon and their continuity of leadership if they are to continue for the time being as maintained schools.
- 4.6 The tangible consequences of the current DfE position for HCC are a continuation of our work to help develop an HfL MAT, but a greater emphasis on continuing to be able effectively to operate as an education authority with maintained schools, in financially constraining circumstances.

**Financial developments:**

- 4.7 Panel has previously been informed of reductions in funding from DfE for education-related functions, through the Education Services Grant (ESG). Of this, £2.80m is attributed to “retained duties” – i.e. those activities which the council will continue to carry out for all schools. The retained duties element of the grant has become part of the DSG for 2017/18, and the rules round what DSG can be used to pay for will be adjusted accordingly to allow relevant functions to continue.
- 4.8 Childrens Services currently spends £4.87m on activities which relate to activities which relate only to maintained schools. Grant for this will cease w.e.f. September 2017. As part of the IP process, reductions of £2.86m in this expenditure. have been brought forward. Within this we are progressing the move of the Music Service to break-even, making some other

reductions of different types, but most particularly reducing planned expenditure on the HfL contract by £1.75m in 2017/18.

- 4.9 A major contributor to this saving has been agreement by maintained schools to de-delegate about £1.15m of funding to contribute towards the costs of the HfL contract. Following consultation over 90% of respondents supported de-delegation for this purpose. Other elements of expenditure are being met from elsewhere in DSG.
- 4.10 Moving forwards to 2018/19, we will need to seek other sources of funding for most of the rest of the cost of the HfL contract. As we reach a situation where all or most of the funding for the Council's school improvement activity is provided by schools or agreed in different ways by Schools Forum, the need actively to engage with schools representatives over what HfL does how it is managed, etc, will increase.
- 4.11 Maintenance of effective relationships and partnerships thus becomes imperative; and a directive or hierarchical approach to leadership of the school system will become ineffective even if this was not already the case.

#### **Recent funding announcements**

- 4.12 On 30<sup>th</sup> November DfE announced:

*“two new additional sources of transitional funding to support school improvement. This funding will be targeted in schools where it is most needed:*

*- A £140m per year Strategic School Improvement Fund – new money to build school-led capacity.*

*- A £50m per year grant for LAs to enable them to carry out monitoring and brokering activities.*

*The £140m fund is additional funding and it will be available to academies and maintained schools most in need of support.*

*Schools will be able to apply to the fund either alone, or as a group of schools, with the support of a Teaching School/NLE, LA or RSC, to receive additional funding to support school improvement provision.*

*RSCs, Teaching Schools and LAs will be involved in encouraging and supporting bids.”*

- 4.13 This is a welcome announcement. The scale of this funding (in particular the second component) that might flow to HCC, and what it may be used for remains unclear. The late December announcement of £767,000 for HCC was ambiguous as to whether this was full year or part year for 2017/18; but in any event it was more or less offset by a cut of £577,000 to ESG for 2017/18 compared with what was expected based on previous announcements. Most importantly, however, this funding should provide an opportunity in 2018/19 to continue to fund effective HfL activity without

seeking to double what we request from schools as would otherwise have been the case.

### **Financial position of schools**

- 4.14 The financial position of schools in Hertfordshire continues to deteriorate. We have previously reported a likely real-terms level of reduction of c8% between 2016/17 and 2019/20, following from a position of modest reduction between 2010 and 2015.
- 4.15 Government has continued to offer protection as “flat cash per pupil”. However, inflation is now expected to rise to 2.5% in mid-2017/18, possibly adding about 1% or more over time to the figures below. Shortages of some types of qualified staff remain considerable. Our latest view of real-terms budget reductions for 2017/18 is 2%, exclusive of the effects of ESG withdrawal. The table below sets out our expectations for the next few years, also showing the impact of loss of ESG. ESG loss affects Academies directly (as the minimum funding rate in 2015/16 was £87 per pupil paid direct to Academies--2% of budget), and maintained schools indirectly.
- 4.16 The figures below are similar to the DfE’s own estimates of cost pressures on schools, recently report by the National Audit Office, namely that ... “The Department estimates that schools face cumulative cost pressures of 3.4% in 2016-17, rising to 8.7% by 2019-20”
- 4.17 The figures reflect, for Hertfordshire, an assumed 0.4% gain in funding following the introduction of the national funding formula (NFF) in 2019/20. It should be noted, though, that the NFF will redistribute funding away from secondary schools towards primary, and within phases towards those with relatively more disadvantaged pupils. A detailed appendix on the NFF is attached, in the form of a report presented to Schools Forum earlier this month.

Table 1 Cumulative real terms budget reductions for schools				
	2016-17	2017-18	2018-19	2019-20
Cumulative reduction	-2.6%	-4.6%	-5.6%	-8.4%
Including ESG loss impact	-2.6%	-c5.6%	-c7.6%	-c10.4%
DfE estimate of cost pressures excl ESG	-3.4%	-5.3%	-6.9%	-8.7%

- 4.18 Both maintained schools and Academies have responded by programmes of budget reduction and redundancy. For example, one larger maintained secondary school made 20 staff redundant last summer. A Finance Action Group (FAG) oversaw a major reduction and restructuring programme at another school, where headcount was reduced from 102 to 79, and the budget is in balance with its deficit eliminated.

- 4.19 The HCC Financial Action Group process remains live across a range of schools and the budget reductions and restructurings agreed via the FAGs has had an appreciable downward impact on maintained schools' budget deficits.
- 4.20 In consequence of financial pressures, there is a risk that schools will increasingly find it difficult to maintain their existing levels of spending on individual pupils with relatively higher cost SEND and/or behavioural challenges. This has the potential to create tensions within the SEND system.

#### **Pace of Academisation and development of MATs**

- 4.21 The rate at which schools are choosing to Academise is remaining slow, with the developing perception that the DfE will not make it mandatory in the short term. There are also now no financial benefits to schools – indeed marginal disadvantages -- and the operational freedoms are negligible. The overheads involved in joining MATs are considerable, and a disincentive to such moves other than in circumstances where there are wider or alternative non-financial benefits.
- 4.22 Our own work continues to be focused on facilitating mandatory Academisation; on promoting Academisation in some circumstances where schools, and especially secondary schools, seem likely to benefit; and on supporting the development of MAT capability locally including but not limited to the HfL MAT, which has now been approved by DfE. The rate at which it – the HfL MAT -- will then expand remains to be seen.
- 4.23 There has been a slight change of position on the part of the RC Diocese of Westminster in relation to academisation of its schools. A plan has been published setting out within which groupings each school would fall, but it appears that RC schools will no longer be required to convert if they do not wish to do so.

#### **The recent Green Paper “Schools that work for everyone”**

- 4.24 The Green Paper on expanding selection and on enabling new exclusively faith-based schools was published in the autumn. Hertfordshire is unusual in the extent to which it has, in some areas, a partially selective system.

#### **Local Authority School Improvement Inspections (LASII)**

- 4.25 We understand from Ofsted that they plan shortly to resume their programme of LASII. We are refreshing our planning for this. It is more than usually unclear what it is that DfE expects Local Authorities to be doing in the medium term in relation to school improvement, and thus what it is that Ofsted would expect to see.

**5. Financial implications**

- 5.1 The implications of the White Paper are considerable for both schools and the Council and are woven through the content of this report. However, the report itself has no implications.

**6. Equality Implications**

- 6.1 This is an information report, and contains no specific or general proposals for agreement.

**7. Conclusions**

- 7.1 Panel is asked to note this report.

Appendices: Report on the National Funding Formula.