

Savings to the education services grant for 2015 to 2016 Consultation

Response by London Councils and the Association of London Directors of Children's Services

The following response is on behalf of London Councils and the Association of London Directors of Children's Services (ALDCS).

London Councils represents all 32 London boroughs, the City of London, the Mayor's Office for Policing and Crime, and the London Fire and Emergency Planning Authority. London Councils is committed to fighting for more resources for London and getting the best possible deal for London's 33 councils. We develop policy, lobby government and others, and run a range of services designed to make life better for Londoners.

ALDCS is the representative body of Children's Services Directors in London. It is a regional version of a national body – the Association of Directors of Children's Services.

Introduction

1. London Councils and ALDCS welcome the opportunity to comment on the funding of education services, through the Savings to the Education Services Grant (ESG) for 2015-16 consultation.
2. The un-ringfenced ESG provides flexibilities and freedoms over spend to support London local government to deliver education support services to schools based on local need. Services provided to London's 3,419 state-funded schools are shaped by a range of locally determined factors ranging from type of provision to composition of the local pupil population.
3. The ESG forms part of the overall local authority budget to deliver effective and innovative local approaches to support schools and improve children's outcomes. Disaggregating un-ringfenced ESG spending into 7 pre-determined budget lines set out by the Department for Education (DfE) does not sit easily with how the money is spent, a point acknowledged in the consultation.
4. It should also be noted, the existing ESG grant does not include an Area Cost Adjustment (ACA) to take account of higher labour market costs. As much as £22 per pupil is not being funded by government to fulfil the purposes of the ESG¹.

¹<http://webarchive.nationalarchives.gov.uk/20130401151715/https://www.education.gov.uk/publication/eOrderingDownload/replacing%20laccseg%20-%20government%20response.pdf>

5. Despite the limitations of spend analysis data and the existing London shortfall in allocations, there is an assumption in the consultation that ESG savings can be achieved through a reformed local authority role in education.
6. The vision outlined in the consultation does not correspond with the understanding of London local government about what its role is in relation to all schools in the local area, which is based on existing government policy, legislation, Ofsted inspection frameworks and the expectations of London's parents.
7. London Councils and ALDCS are calling on government to:
 - Recognise the key role that local authorities play in the oversight of all schools in the local area, and ensure they receive appropriate levels of funding in order to fulfil this role.
 - Include an Area Cost Adjust for the standard ESG and retained duties element in recognition of the higher labour market costs in London.
 - Ensure retained duties funding is not reduced from £15 per pupil.
 - Conduct a detailed research project to evidence different Education Welfare Service (EWS) models and their impact on children's outcomes before services are reviewed nationally.
 - Remove protections for academies at the earliest opportunity to ensure ESG allocations are the same for all children, irrespective of where they receive their education.

School improvement

- 1 a) *How could the clarification of the role of local authorities in school improvement in Section 4.2 help local authorities to make savings?*
- 1 d) *What level of saving is it possible for your local authority to make on school improvement?*
8. London's schools have been the best performing in the country at both key stage 2 and 4 for more than 4 years. Boroughs have contributed to these sustained improvements through providing support and challenge to address performance related issues at the earliest possible opportunity.
9. The rise of academies has resulted in a mixed economy of schools. In London, academies now account for 8 per cent of primary schools and 58 per cent of secondary schools. London local government recognises academies are directly accountable to the Secretary of State for Education.
10. However, as the school system matures into one where a greater number of London's existing 3,419 schools are academies, both local and central government will need new policies to ensure pupil attainment is maintained and continues to improve. Government and Ofsted do not have the capacity to monitor the performance of all schools across the country and identify early warning signs of failure.

11. London Councils and ALDCS are concerned that the DfE's solution to this problem – the introduction of 9 Regional School Commissioners – will not alleviate these specific issues. Instead, at a time of budget reductions, the decision to set up an additional layer of bureaucracy and an untested system for holding academies to account could create further confusion over local oversight for all schools.
12. It is critical that support and challenge is offered to all struggling schools at the earliest possible opportunity to minimise the disruption to pupils. London boroughs are well placed to do this, working with the Regional School Commissioners, and have successfully demonstrated how they use a range of measures, including early warning notices, to turn around performance in maintained schools.
13. London local government believes that local authorities have a vital role to play in ensuring continued improvement in all schools in London and is committed to ensuring that they all, irrespective of type, are held to the highest standards².
14. This role is underpinned by existing government policy, legislation, Ofsted and the views of London's parents.
15. **Government policy** – The Secretary of State for Education has previously recognised that councils, as local champions of children and young people, their families and their communities, are responsible for ensuring that all children and young people can benefit from good quality education provided by local schools³.
16. **Legislation** - local authorities are responsible for discharging over 200 statutory duties in relation to education, including educational excellence, that relate to all children, regardless of the school setting they attend for their education. As set out in Section 13A of the Education Act 1996, local authorities have a legal duty to promote high standards and ensure that every child fulfils his or her educational potential.
17. **Ofsted** – the inspection of local authority school improvement functions was reintroduced by Ofsted in May 2013⁴. Ofsted inspects how well local authorities carry out their duties as defined by section 13A of the Education Act 1996. The inspection framework makes clear the expectation for local authorities to act as strategic commissioners for **all** schools. Where a local authority has concerns about the performance of an academy, it must demonstrate it has taken reasonable steps, within the confines of its responsibilities, to address these through the appropriate channels.

² <http://www.londoncouncils.gov.uk/London%20Councils/Item3FinalLeadersOctobereducationreport.doc>

³ DfE (2010), *The Importance of Teaching, The Schools White Paper*

⁴ <http://www.ofsted.gov.uk/schools/for-schools/inspecting-schools/inspecting-local-authority-school-improvement-arrangements>

18. **Views of London's parents** – A recent YouGov poll commissioned by London Councils sought the views of London parents on the London education system⁵. It found 76 per cent of London parents want local authorities to have the power to influence all local schools, including academies.
19. The reformed local authority role in education outlined in the consultation, where local authorities have minimal engagement with academies on school improvement and are expected to report any concerns directly to DfE for action, does not correlate with the current education landscape in London, as set out above.
20. London Councils and ALDCS call on the DfE to recognise the key role that local authorities play in the oversight of all schools in the local area, in particular clarifying through the ESG that they are important partners in identifying and addressing early signs of failure in local schools. Local authorities should be given appropriate levels of funding to fulfil this role.

Statutory and regulatory duties

2 c) *What level of saving is it possible for local authorities to make on statutory and regulatory duties?*

21. Local authorities currently receive a flat rate of £15 per pupil to deliver a raft of functions including statutory and regulatory duties that cover all children. These allocations do not include an ACA and, therefore, fail to reflect the variations in labour market costs to deliver education services functions. The decision not to include an ACA on the ESG stands in stark contrast with other DfE funding programmes such as the Dedicated Schools Grant and Basic Need.
22. London Councils' analysis of local authority ESG spend on Statutory and Regulatory Duties shows that London local government planned to spend £60 per pupil in 2012-13 and £57 per pupil in 2013-14. Given London's higher costs, it is unsurprising that this is higher than the average national spend in 2012-13 (£47 per pupil) and 2013-14 (£49 per pupil) for fulfilling these duties and significantly above the flat rate provided by government. This supports the government's own evidence, outlined in the consultation, that for some authorities allocations are not sufficient to meet their retained duties.
23. Additionally, a flat rate per pupil ignores the composition of the pupil populations within both maintained schools and academies. For example, if the target group of pupils (such as vulnerable groups) remain in the maintained sector and do not transfer in the same proportions as the wider pupil population to academies, or vice versa, there risks being an imbalance of service pressures within the system without a corresponding level of funding.

⁵<http://www.londoncouncils.gov.uk/London%20Councils/ParentalViewsonEducationExecutiveSummary.pdf>

24. London Councils and ALDCS strongly refute any proposals to reduce the funding of statutory and regulatory duties, which would put children's outcomes at risk, particularly those from the most disadvantaged backgrounds.
25. London Councils and ALDCS call on government to include an ACA for the standard ESG and retained duties element in recognition of the higher labour market costs in London.

Education Welfare Services (EWS)

- 3 a) *Why do you think there is such significant variation in spending on education welfare?*
- 3 g) *Do you agree that the duties required for this service are fulfilled by local authorities, and therefore should be covered by the local authority retained duties funding (set out in Section 6)?*
26. Delivery models of EWS vary in accordance to a number of local factors that determine need. This goes some way to explaining the variance in spend between local authorities.
27. Whilst the consultation focuses on spend based on Section 251 returns, there is no reflection on the performance of these local authorities. Therefore, it is difficult to draw any meaningful conclusions to determine which delivery models are most cost effective by simply referring to spending. Further research is required on EWS to gain a more accurate picture of the value they provide and the costs involved.
28. Additionally, the retained duties funding only includes a share of education welfare, with the remainder included under the standard ESG. It is unlikely that boroughs will be able to absorb all functions delivered through EWS within the £15 per pupil funding, a rate that is already considered insufficient.
29. London Councils and ALDCS call on government to conduct a detailed research project to evidence different EWS models and the impact on children's outcomes of these services before services are reviewed nationally.

Central Support Services

- 4 a) *Are there any reasons why local authority expenditure on central support services could not be significantly reduced, if not stopped altogether? Please give details below.*
30. The consultation uses the introduction of Music Education Hubs as the basis of a model for making savings in the central support services. In London, four local authorities do not receive funding for establishing these hubs. London Councils and ALDCS, therefore, argue that this case is flawed.
31. Additionally, music services only make up a proportion of local authority central support services spend. There are a number of other services provided under

this budget line, including grants for providing school uniforms and field studies. This is spend which is not recognised in the consultation document. These services support local authorities to fulfil their wider statutory duties.

Asset management

5 c) *Are there reasons why local authority expenditure on asset management, under the standard ESG rate, could not be significantly reduced if not stopped altogether?*

32. Local authorities have a legal duty to provide a school place for each child. London is tackling a significant shortage of school places which has been compounded by insufficient Basic Need allocations to provide permanent school places. London Councils' analysis has shown Basic Need allocations account for 53 per cent of the total cost to provide school places, with the remaining shortfall funded by London local government from other sources of funding.

33. All projections show London's population growth is set to continue and, therefore, there will be further need to increase school places in the future. It would be counter-intuitive to reduce any spend on school place planning at the current time. The removal of asset management funding would create additional funding pressures for London local government.

34. Asset management funding is also used to relieve schools of the burden of procuring larger maintenance programmes, such as roof replacements. Any reduction in funding will involve many schools, particularly primary schools, without sufficient experience, expertise or access to economies of scale in order to procure and deliver taxpayer value for money on such projects. Additionally, as local authorities are the owners of many school buildings, they have overall residual health and safety responsibilities that need to be funded and delivered.

Premature retirement costs/ redundancy costs (new provisions)

6 a) *Are there any reasons why schools could not take financial responsibility for redundancies?*

35. These costs are likely to vary in terms of both the amounts involved and between schools. Usually, it is schools with the greatest budget difficulties that have to make redundancies. Therefore, London Councils and ALDCS call for the cost of redundancies to be included in the central DSG for maintained schools.

Therapies and other health-related services

7 a) *Given the high needs budget that local authorities have, and the improved joint working between health and education authorities which should result from the provisions within the Children and Families Bill, are there any reasons why funding for therapies and other health-related services should continue from ESG?*

36. London has experienced the largest growth in the number of pupils with special education need (SEN) statements in England. In 2009 there were 33,765

children with statements in London and this increased to 36,215 in 2013⁶. This represents a growth of 7% in London, compared to 2% nationally. Indeed, there has been a decrease in 3 other regions. This has led to an increase in demand for particular services. The funding and flexibilities afforded through the ESG have supported local authorities to meet the needs for this cohort of young people.

37. The reforms outlined in the Children and Families Bills, which received Royal Assent in March 2014, continue to be piloted and the conversion of SEN statements to Education, Health and Care Plans are being phased in. The intended efficiency savings from these reforms will not be achieved in the near future. As a result, any reduction in funding for services accessed by this cohort of young people through ESG will represent a real terms cut and put at risk their educational outcomes.

How the savings will affect academies

38. In 2015-16, academies will be funded at a rate of £140 per pupil compared to £113 per pupil for maintained schools. This £27 difference per pupil, according to London Councils' analysis, equates to an additional £54 million in total for London's academies compared to maintained schools. The DfE states that transitional protections afforded to academies through ESG would be removed over time to ensure parity in per pupil rate funding for all schools.
39. London Councils and ALDCS call on government to remove protections for academies to equalise funding for all schools, at the earliest opportunity, through a phased process to ensure children's outcomes are not negatively impacted.

⁶ <https://www.gov.uk/government/publications/special-educational-needs-in-england-january-2013>