

CABINET – 23 FEBRUARY 2016

Future Arrangements for Education Support for Oxfordshire Schools

Report by Interim Deputy Director - Education and Learning

National Drivers for Change

1. **Government announcements** make clear the expectation that by the end of this administration, in 2020, all schools should have become academies. The publication of the legislation is awaited, which may outline how this will be achieved. However, every statement adds to the view that local authorities will cease to have anything other than vestigial accountability for statutory aspects of education in the future.
2. **The Education and Adoption Bill** will make provision for schools in England that are causing concern, including requirements for their conversion into academies and about intervention powers. The third reading of the Bill was on 4 February 2016.
3. There have also been a number of recent significant financial statements from central government. The first, through the **local government settlement**, made it clear that on top of already significant savings, another £23 million had to be identified within Oxfordshire. The Children, Education & Families (CEF) Directorate will have to share a part of this additional amount.
4. Also announced was an immediate 10% reduction in the **Education Services Grant (ESG)**, with a reduction of 75% over the life of the Parliament. This reduces the income for education services for the Local Authority, but importantly also for academies, reducing their ability to purchase external school improvement services.
5. In February 2016 a consultation on the **National Funding Formula** will be launched. The average amount of 'per pupil school funding' individual local authorities in England receive from the Government each year varies considerably. Funding is distributed to schools using local funding formulae, which gives different weights to different factors. Consequently, there are differences in the amount of per pupil funding received by individual schools for pupils with similar characteristics across the country. The Government has confirmed it will consult on a new national funding formula early in 2016, with revised funding arrangements being brought in from 2017-18. Reform is needed, but the fine detail is likely to be controversial because of the potential for winners and losers where redistribution is required because there is no additional money available. The Government has said any changes will be phased in and there will be a transitional period to help smooth implementation.

Local Financial Situation

6. Gross financial disparities are unfair, and school funding should more closely reflect area, school and pupil characteristics. The f40 Group of local authorities, of which Oxfordshire is one, has been particularly vocal in the campaign for school funding reform.
7. It is hoped that Oxfordshire schools may gain in time from the funding reforms, but there is uncertainty about the proposals that will be made in the consultation and implementation is some way off.
8. All local schools are experiencing, and will continue to experience, a tightening of their financial position. The real terms reduction in school funding has resulted in a hardening of opinion as expressed at **Schools Forum**, that most **Dedicated Schools Grant** (DSG) funding should be allocated directly to schools and not retained and spent centrally.
9. Increasing numbers of children with **Special Educational Needs** (SEN) and high cost out of county placements are placing further pressure on the High Needs Block of the DSG. The current projected overspend for the year is £0.947m. There are also associated transport costs which add to pressures on the Home to School Transport budget. The projected overspend on SEN Home to School Transport (non DSG funded) is currently £2.268m.

Emerging Local Solutions

10. Given the drivers for change as articulated above, it is right that the Children, Education & Families Directorate considers fundamental change for the future. Cabinet will be aware of the developments within Children's Social Care. It is now timely that the same interrogation of services is undertaken within the Education and Learning Service.
11. The role of the Local Authority is changing fundamentally and will continue to do so over the coming years, so any solution has to be flexible and nimble enough to keep developing.
12. The Oxfordshire Education Strategy 2015 states that the role is defined as follows:
 1. *Provide an inspirational educational vision.*
 2. *Maximise use of influence to shape the system.*
 3. *Act as champion and advocate for all children and their families.*
 4. *Achieve a collective approach towards vulnerable pupils.*
 5. *Champion and promote educational excellence, whether schools are maintained, academies or free schools that are part of, and accountable to, the local educational community.*
 6. *Put the use of pupil performance data at the heart of what teachers, schools and the Local Authority do.*

7. *Have an overview of the performance of all schools and settings. To prevent the slide into poor performance in schools irrespective of the status of the provider.*
13. The Education and Learning Service will consider the practical implementation of these functions in defining its statutory duties and ensure that it meets those within its existing resource, that any extraneous activity is ceased and that over time capacity reduces in line with reducing responsibilities.
14. It is proposed, therefore, that the Education and Learning Service will focus on three priorities - Education Sufficiency, Education Quality and Vulnerable Learners. In brief, these areas will include, among others, the following statutory responsibilities, although final allocation has not yet been finalised:

Vulnerable Learners	Education Sufficiency	Education Quality
<ul style="list-style-type: none"> • Identification and assessment of SEN • Maintaining the Local Offer • Promoting the educational achievement of Looked After Children and leadership of the Virtual School • Educational Psychology Service • Promoting the effective participation of all young people with SEND or Care Leavers in education, employment and training up to the age of 25 • SEN transport 	<ul style="list-style-type: none"> • Admissions • Academy conversion • Pupil place planning • Attendance support • Exclusion and reintegration • Elective Home Education • Pupils missing education • Childcare sufficiency • Young People Not in Education, Employment or Training • Child Performance and Employment licences • Home to School transport 	<ul style="list-style-type: none"> • Commissioning support and challenge to meet Local Authority statutory responsibilities for schools causing concern • Overview of outcomes in all schools and settings through efficient and effective use of data • Safeguarding • SACRE • Use of formal powers of interventions • Early education quality • Moderation of assessment • Support for governing bodies • Maintaining systems for Education and Learning services to

Vulnerable Learners	Education Sufficiency	Education Quality
		charge schools and settings for services

Traded Services

15. In October 2015, Cabinet agreed in principle to proceed with the development of a traded service for the Schools and Learning Service to provide school improvement services to Oxfordshire schools. This proposal was included in the MTFP proposals for 2016-17 and beyond, with the expectation that savings of £1.4m could be identified over a three year period through this approach.
16. The introduction of greater Council savings through the local government financial settlement announced in December 2015, the proposed reduction by 75% of the Education Services Grant, the tightening of schools' budgets and a reducing role for local authorities in education places the prospect of the success of an enhanced **traded service**, launched at precisely the time when budgets are tightening, at jeopardy.
17. Proposals within this paper suggest there is potentially greater, and more certain saving from the alternative of not proceeding with a greater level of trading, but reducing the offer to schools to fulfil our statutory functions.
18. In line with government policy it is, therefore, proposed that Oxfordshire County Council should not expand an offer to its schools through an enhanced traded service.
19. The risk of not maintaining the quality of schools in Oxfordshire through the provision of in-house services will be mitigated by the work of the Strategic Schools Partnership in their commissioning of school to school support, using the good and outstanding practice in schools to help improve the quality of the rest.
20. There is also a risk to the performance of vulnerable learners, which will be mitigated by the actions of the Vulnerable Learners service with a close focus on the implementation of the priorities within the Excellence and Equity in Education strategy.

Leadership Arrangements

21. This implementation of purely statutory duties will inevitably mean a reduction in some of the services currently provided. There would be a narrower remit than is currently the case, so the leadership arrangements for the service will have to change to reflect this.
22. The Deputy Director role is currently filled on an interim basis. This arrangement comes to an end in March 2016. Internal leadership arrangements will be made from existing resource, ensuring robust strategic leadership arrangements, with a place on the Directorate Leadership Team.

This will mean that as schools progressively convert to academy status, the leadership of the service is flexible and agile enough to adjust to the changing circumstances.

23. In detail, this means that three of the current five leadership roles will continue, retaining their current responsibilities and sharing those of the Deputy Director. There would be a 'primus inter pares' role for one, to provide direct liaison with the Director for Children, Education & Families and for schools. This arrangement would be reviewed after six months to ensure that it is effective, fit for purpose, and able to adapt to continually changing circumstances, as more schools convert to academy status and the financial situation develops.
24. Detail of how the shape of the service will develop and the implementation of leadership roles will be the subject of a subsequent paper. That will also be the time to consider which, if any, services dealing or trading with schools in other directorates of the Council should be formally transferred to Education and Learning if they align with the strategic and statutory responsibilities of those services.

Financial and Staff Implications

25. Current Budget Position – Schools and Learning 2015-16:

Service Area	Gross Expenditure	Grant Income	DSG Income	Other Income & Recharges	Net Expenditure
	£000	£000	£000	£000	£000
Governor Services	436			-351	85
Business Development	87				87
School Improvement	608				608
Schools Causing Concern	421				421
Vulnerable Learners	397		-154		243
Narrowing the Gap	659		-200	-421	38
Looked After Children	1,185	-665	-329		191
Social Inclusion	617		-476		141
TOTALS	4,410	-665	-1,159	-772	1,814

26. The proposed savings of £1.4m represents a reduction of 77% of the total net budgeted expenditure for the Schools and Learning area for 2015-16. These MTFP savings will be achieved, mainly by reducing services in response to

changing Local Authority responsibilities, partly as a result of continuing academy conversions, and potentially as a result of further changes that may come out of the Education Services Grant consultation expected in Spring 2016.

27. This will result in staff redundancies. The current estimated redundancy costs are expected to be in the region of £300k. Current staffing of the service includes 48.37 fte specialists and 17.09 fte administrative staff.
28. Local Authority (LA) net budgets are funded from a variety of sources, including the Education Services Grant (ESG). This is allocated to LAs on the basis of pupil numbers and is intended to fund a number of core LA education responsibilities. As mentioned above, ESG will be reduced by 75% over the life of this parliament, although details of implementation and timing have still to be confirmed for years after 2016-17. The amount of funding due to be received by the Authority is expected to reduce substantially from the current estimate of £4.3m for 2016-17 to around £1m, or potentially less, by 2019-20.
29. Dedicated Schools Grant (DSG) funds a substantial part of education services, including some of the services in Schools and Learning. DSG is divided into 3 Blocks: Schools, Early Years and High Needs. The main on-going source of DSG funding in the Schools and Learning area is from DSG High Needs Block, and relates to vulnerable learners, Looked After Children and inclusion teams. The total DSG High Needs Block funding allocated in 2015-16 is £1.159m and it is expected that this level of contribution can continue in the near future for continued provision of these services. This will need to be reviewed if there are growing pressures elsewhere in the DSG High Needs Block, and also in response to the national funding formula consultation which will change the way that DSG is allocated to local authorities and the amount.

Equalities Implications

30. None at this stage

RECOMMENDATION

31. The Cabinet is **RECOMMENDED** to approve the proposed arrangements for Education and Learning Services as outlined in the attached report.

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