

Academies Pre-16 Funding: Options for the 2012/13 Academic Year

Response of the Association of School and College Leaders

Introduction

- 1 The Association of School and College Leaders (ASCL) consists of 15,000 members of the leadership teams of maintained and independent schools, academies and colleges throughout the UK. This places the association in a unique position to see this consultation from the viewpoint of the leaders of secondary schools and colleges including Business Managers and we welcome the opportunity to respond to the consultation.

Current System

- 2 ASCL agrees with the analysis set out in the consultation papers which demonstrates that the current system is not appropriate to fund an increasing number of academies. We also wish to register our view that the current system is unfair per se in that at the moment, whilst fully accepting that there are additional costs in running an Academy, there is a clear financial advantage for most secondary schools to convert to academy status.
- 3 Although many of our members currently benefit from this financial advantage and indeed virtually without exception, those currently undergoing the conversion process cite the financial advantage as the key driver for change, we still oppose this financial differential as a matter of principle. Having taken into account the funding needed to meet additional responsibilities of academies; those schools that do not convert are not on a comparable funding level with those schools that have converted.
- 4 Our members who have or are in the process of converting also face the prospect of having to significantly shift their mode of operation should the principles of fair funding stated and implied in the consultation come to pass. This is particularly the case where there is a complete absence of additional funding to lever up earlier 'losers' without penalising the earlier 'winners'. In this case the situation will be in some way unfair to those who have converted.

Principles

- 5 ASCL agrees with the sentiments expressed in the first two principles for an alternative method of funding i.e. enabling a smooth transition and ensuring that funding is equivalent between Academies, free schools and maintained schools. Having said that, it seems to us that having a clearly expressed and understood end-point is essential if the first principle is to be any more than an empty statement.
- 6 The second point is one we would not dispute in principle. The principle of having similar funding to deliver similar responsibilities is wholly appropriate. However, we would make the observation that there are certain issues of inherent intractability which have arisen as a result of the rapid change taking place in the recent past.

- 7 There are several mutually contradictory strands at play. For example, if there is indeed a principle of devolving decision making to the lowest possible level it would seem appropriate that local authority maintained schools should be subject to the possibility of local variation to account for local differences, possibly defined by a school forum or similarly constituted body. Once a maintained school is funded below the mean for its local area there will be a financial advantage to academy conversion. When a school not operating at the local authority mean is removed from local authority control drawing with it a degree of LACSEG funding calculated at the mean then there is necessarily inherent unfairness somewhere in the system.
- 8 Early evidence would indicate that as academy conversions take place the proportion of pupils with behavioural issues in local authority maintained schools is increasing. The LACSEG calculation means that local authorities are required to support these students even though they have lost a proportion of the funding to Academies where the need for behavioural support is significantly below the mean at which they have been funded. In essence this leaves the other local authority schools with the students and their issues, but with reduced funding to deal with them.
- 9 Closely related to this are issues of benchmarking where the schools leaving the benchmarking system are not typical of the original distribution.
- 10 The third principle is in our view little more than an admirable statement. ASCL has consistently argued for a funding formula that is fit for purpose in that it delivers justifiable and equitable funding that is sufficient to operate at the base line. The concept of 'easy to understand' is desirable but not essential. We agree that it should be 'transparent' in the sense that it should be open and not have hidden elements.
- 11 It would be useful if it could be easy to explain in general terms at a high level. We would say that the current formula for funding post 16 education is 'easy to understand' given that the most conceptually difficult operation it contains is a multiplication. Nevertheless it has been described by some people as 'byzantine'. This serves only to makes the point that whether or not any formula is 'easy to understand' depends upon either the mathematical ability of the reader, or the willingness to engage with the detail, or both. It has nothing to do with whether or not the formula is actually producing the 'right' answer.
- 12 In addition to fairness and fitness for purpose a significant aim for any funding system should be avoidance of turbulence based on thorough and careful informed modelling of any proposal.

Options

- 13 Pragmatically we feel that the option of rolling forward is the only practical solution for the coming year despite the fact it perpetuates any current inherent and historic unfairness.
- 14 Although we can see some value in using a fair funding formula for academies in terms of modelling a revised fair funding formula, ASCL considers this approach has unacceptable risks in terms of introducing both turbulence and greater unfairness. It is most likely to create funding that incentivises or disincentivises academy conversion.
- 15 The third option re-links academies to local authorities. Although as an association we cannot see any major difficulty with this method it is clear from previous discussions that this approach is unacceptable to some academies. This option also relies on the

production capacity of local authorities which is questionable given that in many areas there has already been a reduction in central local authority staffing.

- 16 The point has already been made about the intrinsic unfairness in the LACSEG situation. ASCL considers this fundamental problem will only be resolved by developing a system that removes the need for the LACSEG grant altogether. Clearly that is utterly impracticable at present with the developing mixed economy of school types. Having said that we welcome any move to minimise the current unfairness created by the LACSEG grant allocation.
- 17 In the association's response to the funding consultation we have indicated one way in which we consider the distribution of funding can be adjusted to remove the need for the LACSEG grant. This is based around the principle of having a clear division of responsibilities between local authorities, all schools, and academies with a funding system that funds all schools equitably before determining a proportion of the individual school's funding to be allocated to the local authority for the local authority responsibilities.
- 18 ASCL is willing to be further consulted and to assist in any way that it can either on or off the record.

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23 May 2011