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| TITLE | Establishing a Wokingham Multi Academy Trust |
| FOR CONSIDERATION BY | Executive on 28 July 2016 |
| WARD | None specific |
| DIRECTOR | Judith Ramsden, Director of Children's Services |
| LEAD MEMBER | Charlotte Haitham Taylor, Executive Member for Children's Services |

OUTCOME / BENEFITS TO THE COMMUNITY

Establishment of a confident direction of travel in a context where there is uncertainty. .
Creating a secure platform for school improvement and trading which gives sustainability to Wokingham Borough Council's effective school improvement work
Schools supported by LA initiative to focus on core business so pupils make better progress

RECOMMENDATION

The Executive is recommended to initiate the process of establishing a Wokingham Multi Academy Trust, with relevant exploration undertaken by a member/officer working group and recommendations of that group to be reported to the Executive for sign-off as appropriate.

SUMMARY OF REPORT

The report explores the picture of Local Authority's education roles emerging from the April 2016 White Paper. It covers:

- Actions taken already to identify options adopted by other LAs in the delivery of school improvement in a changing context;
- The likely increase in the number of local schools becoming academies and joining Multi Academy Trusts
- Continuing education functions for LAs indicated in the White Paper
- Funding changes and uncertainty arising
- Potential to establish a Wokingham Multi Academy Trust and/or trading function.

Background

The proposal to explore further the concept of a community Multi Academy Trust (MAT) in Wokingham arises from a context in which

- *In Wokingham* following discussion at the Children's Services Overview and Scrutiny Committee a members' task and finish working group was established in 2015 to consider options for the delivery of school improvement.
- In March 2016 a report was considered by the Executive Committee; it paralleled the publication of the white paper "Educational Excellence Everywhere" about schools becoming academies. The outcome of the report was the adoption of a broadly positive stance towards academies, with support for continuing dialogues with schools, stakeholders and the secretary of state. A member task group was to be established.
- Schools have developed interest and are seeking advice on the academy conversion process and establishment of MATs. A series of briefings and workshops for Wokingham Borough Council (WBC) schools has therefore been started.
- The Oxford and Portsmouth dioceses have begun to clarify their positions. In 30 cases Local Authority (LA) maintained schools have voiced interest in a larger community MAT in Wokingham.
- WBC officers have set out to explore the viability of the LA's trading functions in the context of proposals to reduce Education Services Grant core funding.
- Discussions have taken place with neighbouring local authorities about partnership work.
- *Nationally* a policy position has been confirmed leading to all schools becoming academies, but now without compulsion for good or outstanding schools unless they are in an authority deemed to be failing. The Department for Education (DfE) has intimated that national policy might shift to allow some LA-derived MATs.
- *Consultation on the funding of schools* has meanwhile suggested that Education Services Grant (ESG) would be phased out over the coming years, a national funding formula would replace local ones, school funding via Dedicated Schools' Grant would cease, and LAs' school improvement function would end at 31 July 2017. More recently DfE has announced a proposal to reduce ESG, with the possibility of top-slicing Dedicated Schools Grant (schools' funding) to make up the difference.

Analysis of Issues

Local Authorities' Education functions are changing but not disappearing

There are tensions between changed funding and continuing legal requirements for LAs' education roles. A future WBC Education function would need to reflect those requirements or face significant reputational or legal challenge. The recent white paper identifies continuing responsibilities of LAs which would mean they need access to educational expertise, with needs to:

- Commission new schools or alternative education providers and effectively make judgements between contending potential providers;
- Conduct residual admissions processes which require understanding of how schools work, and authoritatively deliver admissions of vulnerable pupils through Fair Access arrangements;
- Understand the salience of expert advice in the construction of Education Health

& Care plans, and broker relationships between schools and parents of pupils with Special Educational Needs;

- Manage Special Educational Needs & Disability Tribunal cases including representing the LA's case against appellants' commissioned experts;
- Relate safeguarding issues to school contexts;
- Judge the suitability of Elective Home Education;
- Deliver the Virtual School function, challenging schools to ensure educational progress of Looked After Children, securing their admissions, transitions and destinations, and allocating Pupil Premium Grant resource where it will be most effective;
- Understand and manage professional factors pertaining to national testing so as to discharge the function of oversight;
- Advocate for pupils in underperforming academies by making cogent cases to the Regional Schools Commissioner where necessary.

Current proposals indicate significant funding changes

Linked to the White Paper are funding proposals contained in the first stage of an incomplete national consultation and in the recent budget:

- A national funding formula with phased introduction from 2017 to 2019, and Schools Forum responsible for high needs, early years and central blocks (but no longer a schools' block);
- Education Services Grant (ESG) reducing from £77 to £15/pupil, allocated to the central block of the schools' budget to cover the LA's continuing statutory duties to pupils (see above). In Wokingham this would generate approximately £330,000 in future, where the current funding is £1.8m

The previous Executive paper noted generally costs to the council arising from academy conversions. If all WBC schools were academies the conversion costs to the LA would be about £400k, and subsequent loss of business rate (not paid by academies as they have charitable status) estimated at £1m. The Lead Member for Children's Services has written to the Secretary of State raising concerns about this, and officers are in dialogue with the DfE on the matter of LA funding. In this context moves to maximise income generation from schools have been initiated.

There are challenges, and choices to make about Wokingham's future relationship with schools

First tier authorities have a future as partners in their local education systems, illustrated above. They also have an interest in a sustained relationship with schools because of their role in children's social care, with schools as the universal provider system with an impact on wellbeing and safeguarding. Choices relate to separate but linked areas, in which Wokingham might operate as (a) a commercial partner offering services as it does now in areas such as Human Resources, finance, grounds maintenance, governor support and performance management, (b) a public body with statutory responsibilities for children's welfare and education, and/or (c) a body participating in a MAT for schools wishing to be part of such an organisation.

Continuing services would seem require income from schools in order to be sustainable. There is a significant need for further clarification about funding for Special Educational Needs for example, where continuing statutory commitments would not be covered by funding at the level of £15/pupil. In terms of funding, then, options include essentially reducing service to the £15/pupil level which would place statutory functions at risk,

cross-subsidy from the LA’s general fund, and income-generation to mitigate risk.

A Wokingham Multi Academy Trust

Some authorities are exploring options such as arms-length community interest companies or joint ventures as vehicles for service delivery. Examples were seen in the WBC 2015 task group work. Such organisations might have the potential to be approved as MATs capable of sponsoring and working with coasting or failing schools, and even able to sponsor new schools. There is a requirement for less than 20% LA membership in the governance of such bodies, but beyond that the government’s position on LA MATs appears potentially flexible.

Indications of WBC schools’ appetite for this have been sought in a recent survey which suggested that 30 schools would be interested in a meeting to discuss a Wokingham community MAT. This suggests a viable organisation is possible, on the basis that this would represent a “club” with for example a 3-5% levy paid by schools, providing a substantial local customer for WBC traded services, as well as a substantial local body of educational expertise.

Next steps and considerations

Issues are complex and uncertain in an evolving national context. Funding issues are at the consultation stage, the white paper is currently not translating into a bill, and much will depend on individual school governing body decisions. Whilst schools’ finances are under pressure, they show interest in a Wokingham community MAT. It is recommended that exploration of these issues is best undertaken by a member/officer task and finish group.

Such a group would:

- Consider further the national policy context described above, and seek to influence it through dialogue with the DfE;
- Identify the advantages and disadvantages of a Wokingham community MAT;
- Seek clarity on financial implications of any changes;
- Explore possible structures, constitutional arrangements and relationships with the authority;
- Oversee dialogue with local schools who would ultimately decide to participate or not in such a project.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | See below | See below | Revenue |
| Next Financial Year (Year 2) | | | Revenue |
| Following Financial Year (Year 3) | | | Revenue |

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| Other financial information relevant to the Recommendation/Decision |
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| Future of Education Services Grant is uncertain, as is schools' appetite for purchasing LA professional functions. |
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| Cross-Council Implications |
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| Impact on functions trading with WBC schools, and on WBC Children's Services |
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| List of Background Papers |
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| Date | 15 July 2016 | Version No. | 1.0 |

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