

SCHOOLS' FUNDING FORUM

SUBJECT:	DfE consultation – Simplifying the administration of academies funding
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SUMMARY OF REPORT:

To highlight the publication of a recent DfE consultation affecting LA DSG budgets and the implications for the LA.

Also this report seeks the Forums agreement to a joint response to the consultation.

FOR:	Information and decision
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1. Introduction

- 1.1 On 1 May 2014 the DfE launched its latest consultation containing proposals on simplifying the administration of academies funding. This is largely a technical paper which affects the LA's annual DSG allocation and the subsequent amount of DSG funding that is then recouped by the DfE to pay for academy budgets. However there are a number of implications from these proposals that could have a detrimental impact on Kent (and other LAs), and these concerns are raised in the LAs draft response to the consultation which is attached for your information at appendix 1.
- 1.2 The consultation is broken into two sections. The first deals with converting non-recoupment academies into recoupment academies and the second deals with amending the funding for expansions in free schools.
- 1.3 The closing date for consultation responses is 2 June 2014.

2. What is the difference between recoupment and non-recoupment academies?

- 2.1 All academies that opened since the 1 April 2008 are classified as recoupment academies. This means that those schools who converted to academy status before this date are classified as non-recoupment (with the exception of Folkestone Academy). There are 7 academies classified as non-recoupment.
- 2.2 Non recoupment academy pupils and funding are not included in Kent's annual DSG allocation. The DfE have confirmed that free schools are also classified as non-recoupment academies.

- 2.3 Recoupment academy pupils and the related DSG are included in KCC's annual DSG settlement. The LA is required to calculate the equivalent school budget for each recoupment academy as if it were a maintained school. This amount is then recouped by the DfE (Kent's DSG is reduced). It is important to note that this is not the funding that the academy receives, as this is calculated separately by the EFA. The LA has made strong representation in previous consultation responses that this is a duplication of effort and LAs are far better placed to calculate and communicate academy budgets within the LA area rather than centrally the EFA.

3. What are our key concerns?

- 3.1 The LA is broadly supportive of the DfE's proposals in relation to the first section of the consultation and the method outlined seems reasonable and does not appear to disadvantage the LA. The LA accepts that there are many benefits from a simplified system however there are some concerns which I have highlighted below:
- a) The DfE is not proposing to change the way it funds some non-recoupment academies, using estimated numbers. We believe that all schools and academies should be funded on the same basis. (response to question 1)
 - b) The proposals do not provide any additional funding for associated increases in central expenditure. (response to question 2)
 - c) No mention of why some academies continue to enjoy significant MFG top up, way in excess of what we have calculated as their equivalent answer. (response to question 4)
- 3.2 With regards to the second part of the consultation the LA has some major concerns relating to the proposals on responsibility for funding expansions in Free Schools. These concerns are based on the transfer of new responsibility to LAs with no transfer of the current EFA funding pot. Please see our response to question 5 in appendix 1.

4. Recommendation

- 4.1 Members of the Forum are asked to
- a) **note** the content of this paper
 - b) **decided** whether the Forum wishes to add its name to the LAs draft response (appendix 1)

Background Papers:

none