

DFE Consultation On The Basis For The Decision On The Appropriate Amount Of Academies Funding Transfer For 2011-12 And 2012-13

Introduction

On 19th July 2011, the DFE issued a consultation on the basis of the transfer of resources from Local Authorities to the DFE reflecting the transfer of central services from local authorities to Academies and Free Schools.

The funding that transfers between LAs, the DFE and Academies is called LACSEG (Local Authority Service Grant)

A well as consulting on proposals for the future basis of the transfer the paper also set out for the first time the basis on which the transfer of resources was calculated for 2011/12 and 2012/13.

Background

Local Authorities receive funding through Formula Grant to pay for a range of services that they are required to provide to schools e.g. school improvement and statutory legal and accounting services. When a school becomes an academy the LA is no longer required to provide these services to the academy.

For 2011/12 and 2012/13 at both a national level and for Havering the Formula Grant is reduced as follows:

Year	National Reduction £	Havering Reduction £
2011/12	148m	630k
2012/13	265m	1.13m

At national level the Formula grant reduction was based on:

- (i) the forecast number of academies nationally for the two years;
- (ii) the average number of FTE pupils per school type; and
- (iii) an estimate of the required LACSEG funding per pupil

No account was taken of the number of schools converting to academies in each LA and a basic % deduction was made to all LAs. This approach favoured those LAs with a higher number of Academies at the expense of those with lower numbers. An LA with no academies would have lost funding but none of the responsibilities regarding the provision of services.

The consultation then goes on to update the forecast number of schools converting in 2012/12 and 2012/13 and the process for special schools which revises the calculation of the Formula Grant reduction.

This is updated to:

Year	National Reduction £	Increase £
2011/12	360m to 375m	180m to 193m
2012/13	580m to 680m	228m to 313m

The paper is clear that *“The estimated of the costs of LACSEG set out here should not be seen as predetermining the decision on the level of reduction in local government funding or how this should be done.”*

If, however, the figures were applied proportionately to Havering’s current Formula Grant reduction the reduction would be:

Year	Havering Reduction £	Scaled up to Revised National Reduction £
2011/12	630k	1.53m
2012/13	1.13m	2.47m

The paper does not provide calculations of the Formula Grant deductions at national or local level and does not provide LAs with any certainty as to whether Formula Grant allocations are to be updated.

There are a number of issues with the DFE methodology in applying the deductions which are included in the response that follows. academies and is therefore neither equitable nor sustainable.