

**Please note the introduction to this paper and the date. Information will be updated over time**

## **The funding of Academies and the impact on residual Local Authority schools and services**

*(Version 6, September 23<sup>rd</sup>, 2010: NB This paper was produced originally to stimulate discussion at a Fringe meeting of the Liberal Democrat Federal Conference in Liverpool in September 2010. It will now continue to be up-dated as new information becomes available. Anybody considering academy status must obviously consult the official web-sites and documentation. The author (details at the end) will be pleased to receive suggestions for corrections and modifications.)*

### **A school converting to academy status receives:**

- a. the per pupil funding it gets through the local formula, including direct reimbursement of rates
- b. the same standards grants and all other special grants awarded to all schools
- c. a **top-up grant**, based on the number of pupils in the school **including post-16**, to cover the cost of providing services and covering costs currently met by the LA
- d. a grant to cover insurance and grants to compensate for non-recoverable VAT
- e. a start-up grant of £25,000

The top-up grant has to cover, (for example, not exhaustive):

- Behaviour support services
- Maternity cover, long-term sickness, supply cover
- 14-16 more practical learning experiences
- Establishing eligibility for Free School Meals
- Repair and maintenance of school kitchens
- Museum and library services
- School admissions
- Licences/subscriptions
- Termination of employment costs
- Therapies and health-related services
- Parent partnership guidance and information
- Monitoring of SEN provision
- Pupil support
- Education welfare service
- School improvement
- Asset management
- music services, visual and performing arts, outdoor education
- Premature retirement and redundancy
- Monitoring national curriculum assessment

The amount of top-up grant is calculated from the total Local Authority non-schools spend, divided by the number of pupils in each phase. This is called the LACSEG grant (Local Authority Central Spend Equivalent Grant).

**Real example:** In Cambridgeshire the basic pupil unit of funding is:

Primary: £3,044, with a range from £2,517 to £5,939 depending on the size of the school

Secondary: £3,654, with a range from £3,425 to £5,115

**The LACSEG top-up grants in Cambridgeshire for 2010-2011 are £337 per pupil for primary and £318 per pupil for secondary.**

**Recoupment:** A proportion of what is paid to academies is recouped from the LA. In Cambridgeshire, this amounts to £101 per primary pupil and £84 per secondary pupil. At the

moment, the remainder is **not** recouped and so is being funded from somewhere else in the DfE budget. This appears therefore to be ~~double-funding~~

### **Two examples of what academies will receive:**

- a. One of the largest and most ~~successful~~ village colleges, serving a highly privileged area of South Cambridgeshire, has 1,400 pupils. Its top-up grant will be £445,200. By becoming an academy, this school removes £117,600 from LA central funds.
- b. One of the largest primary schools with 461 pupils will receive £155,357 and will remove £46,561 from LA central funds.

**Which schools gain most?** The real ~~winners~~ are larger schools, with relatively few pupils who will need extra help, few social problems requiring EWS input, with recently refurbished buildings with low maintenance, in areas which are not facing demographic decline, with staff who are male or beyond child-bearing age.

**BUT** the consultation on school funding 2011-2012 states in paragraph 73:

**The Government is clear that becoming an Academy should not bring about a financial advantage or disadvantage to a school.**

### **What will Academies spend their extra money on?**

Clearly, an Academy takes on many extra responsibilities and will need to recruit extra administrative staff to handle these. If the Academy does not have many pupils who will need to draw on the extra help previously available from the LAA, *or if the academy chooses not to do so*, and if the Academy decides it does not need to buy in school support or school improvement advice (as it is already deemed ~~outstanding~~), it will undoubtedly have a net financial bonus..

According to local circumstances, the Academy will, for example, spend its extra money on:

- Extra teaching staff for smaller class sizes
- Better equipment and teaching materials
- Higher salaries for the Head and for senior teachers (Academies no longer have to follow the School Teachers Pay and Conditions Document)

The effect of this could be to

- enable it to attract the best teaching staff from other schools with the offer of better pay
- introduce an inflationary effect into the senior salary structure (with long-term knock-on effect on the Teacher Pension system)
- enable it to attract more pupils, thereby increasing its net extra income further and reducing the cost-effectiveness of neighbouring schools.
- make this already successful school even more successful

**The ethical issue:** is it right to condone a development that will inevitably widen the gap between the most and least successful, improve opportunities for the most fortunate and reduce support for those who need it most?

**The financial issue:** in a time of austerity is it right that there should be double-funding? In due course the LACSEG component will surely be fully recouped from the LA, or alternatively, the national amount available through the Dedicated Schools Grant formula will be reduced.

**And what about central costs?** All this will be administered on a school-by-school basis by the Young Peoples Learning Agency (YPLA). Where will the extra money for this come from?

**Conclusion?:** The Academies development is costly, unethical, divisive and inequitable.

*Peter Downes*  
[peter.downes@cambridgeshire.gov.uk](mailto:peter.downes@cambridgeshire.gov.uk) 01480 398082