



Leicester  
City Council

**WARDS AFFECTED**  
All wards

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

<b>Overview and Scrutiny Management Board</b>	<b>04.12.08</b>
<b>Cabinet</b>	<b>08.12.08</b>

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**The National Challenge and Academies**

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**Report of the Interim Corporate Director of Children and Young People's Services**

**1. Purpose of Report**

1.1 The purpose of this report is to advise Members of the context, current position and necessary action in respect of the five National Challenge schools in the context of the Transforming Leicester's Learning Plan, including the potential for an Academy solution.

**2. Summary**

2.1 This report sets out the proposals for radical transformational solutions to the five National Challenge schools in the context of the Transforming Leicester's Learning Plan.

2.2 The Council's response to the National Challenge is described, including the summit meeting with the Schools' Minister in July 2008. The report describes the work that has been undertaken since then to investigate the options for the future of the five National Challenge schools in the City.

2.3 Planning for school places to ensure supply meets demand is the responsibility of the Council. The Strategy for Change, currently being prepared to support the Council's Building Schools for the Future Programme, will set out the location, size and age range for schools.

2.4 The Council has appointed consultants to work with schools to examine options and make recommendations for their future governance. Recommendations are supported by a business case for each school, appended to this report.

2.5 The report concludes with a summary of the process to establish an Academy and sets out the potential timescales.

**3. Recommendations**

- 3.1 OSMB is recommended to consider the report and advise Cabinet of its views and further recommendations.
- 3.2 Cabinet is recommended to:
- a) Note the current position with regard to the National Challenge schools;
  - b) Accept the recommendation that an Academy solution for three colleges, Babington, Fullhurst and Riverside, should be fully explored with potential sponsors;
  - c) Re-endorse the principles for partnership working, originally agreed by Council in 2003;
  - d) Authorise officers to work with potential Academy sponsors, who meet the criteria set by the Council, to further explore and test the proposition that an Academy would be the most appropriate solution for each of the three colleges identified in (b) above. Prepare Expressions of Interest for each college for consideration and authorisation by Cabinet before submission to DCSF; and
  - e) Note the future steps and likely timescale if an Academy solution is confirmed.

## **4. Report**

### **4.1 Background**

- 4.1.1 The background to the report is rooted in the national priority of improving all secondary schools. This is underpinned by:
- a) The 2006 Education and Inspections Act and particularly the duty on Local Authorities to promote choice, access and diversity; and
  - b) The National Challenge programme, which is designed to ensure that all secondary schools reach a national minimum floor target of 30% of students achieving five A\*-C including English and Mathematics.
- 4.1.2 The low performance of many of Leicester's schools, the partnership with DCSF and the Transforming Leicester's Learning initiative are also of significance.

### **4.2 The National and Local Context for National Challenge Schools**

#### **4.2.1 National Context - The Education and Inspections Act 2006**

4.2.2 The Act confirms the government's stated intention to establish local authorities as commissioners of school places rather than providers. The Act strengthens the strategic planning functions of local authorities whilst encouraging more schools to move out of local authority control.

4.2.3 The Act extends the duty to secure high standards to embrace the well-being of the whole child, to emphasise diversity and choice and to enshrine an enhanced role for parents. It promotes school improvement partners (SIPs) as a key mechanism for

implementing these duties (recent DCSF policy has introduced National Challenge Advisers to those schools identified in the National Challenge programme). It also introduces a focus on LA duties in respect of children beyond school, through extended school programmes for all children and young people. Particular concern has been expressed about the needs of those young people who are not in education, employment or training (NEETs); this is a major issue for Leicester.

4.2.4 Part 1, Section 2 of the Act requires local authorities to exercise their functions with a view to securing diversity in the provision of schools and increasing opportunity for parental choice.

#### 4.3 The Office of the Schools Commissioner (OSC)

4.3.1 The OSC has a range of responsibilities to ensure that the intentions outlined in the Act are translated into practice.

4.3.2 Stated objectives of the OSC are:

- a) Promoting choice and diversity
- b) Championing fair access and parental choice
- c) Supporting local authorities in commissioning school places
- d) Promoting trust partnerships
- e) Developing Academy proposals.

4.3.3 The OSC has five overarching goals.

- a) To raise educational standards
- b) To narrow attainment gaps
- c) Increase staying on rates post-16
- d) Engage with disaffected young people
- e) Address skills shortages in the global economy

4.3.4 The Government wants greater diversity. It believes a diverse range of providers:

- a) Raises achievement
- b) Brings a stronger ethos
- c) Brings a greater contribution to the Every Child Matters (ECM) five outcomes
- d) Encourages greater collaboration between schools
- e) Benefits all children, regardless of background.

#### 4.4 Transforming Leicester's Learning Action Plan

4.4.1 In October 2007, a delegation of Members, Governors, Headteachers and Officers met the Government's Director of Schools, to seek a partnership with the DCSF to address the serious underperformance in Primary and Secondary Schools in Leicester. The

outcome of this was an agreement to develop a Transforming Leicester's Learning (TLL) Action Plan. There was a joint commitment between the Council and DCSF to address the issues of underperformance.

4.4.2 Senior Officers were invited to lead the development of the Action Plan in partnership with schools, LA officers, Governors and the DCSF. DCSF appointed a civil servant to work with the LA on a regular basis and a working partnership was established. Progress against the plan has been monitored by an Overview Board created for the purpose. Results so far are as follows:

- a) Significant improvements in achievement at Foundation Stage, Key Stage 2 and Key Stage 4.
- b) A four percent increase in pupils achieving level four or above in English and Maths at Key Stage 2 made Leicester the fourth most improved LA in the country. This improved the LA's position in the national league tables by 13 places.
- c) A 5% increase at Key Stage 4 of students achieving 5A\*-C meant that the targets agreed with the DCSF were met.
- d) Substantial improvements in attendance in both Primary and Secondary schools and a marked reduction in the number of permanent exclusions.
- e) The development of a cohort of Local Leaders of Education, trained and actively working in twenty schools to support leadership and management development at all levels.
- f) A changing ethos based on a new spirit of partnership between schools, the LA and professional associations. This is evident in the high expectations for all young people and a determination to make Leicester one of the highest achieving Local Authorities in the country.

4.4.3 All these achievements, in a short period, have been a result of the willingness of Headteachers, Schools, LA Officers, Governors, Politicians and Professional Associations to work in a mutually supportive partnership driven by the need to raise standards of attainment and achievement for all of Leicester's young people. However it is essential that progress across all areas is rapid. The JAR Notice to Improve emphasises the need to accelerate progress and transform current provision and outcomes. The agreed LAA and attainment targets for 2009 results are:

- a) 69% of students achieving Level 5+ in Key Stage 3 English and Mathematics (up from 59% in 2007). IN order to achieve this target, we would expect 64% of students to achieve Level 5+ in 2008 (based on the FFT D estimate);
- b) 48% of students achieving 5 A\*-C, including English and Mathematics, at Key Stage 4 (up from 36.5% in 2007). In order to achieve this target, we would expect 42% of students to achieve 5 A\*-C in 2008 (based on the FFT D estimate);
- c) 62% of students making two levels of progress in English at Key Stage 4 (up from 52.7% in 2007). In order to achieve this target, we would expect 60% of students to make two levels of progress in English in 2008 (based on the FFT D estimate);
- d) 33% of students making two levels of progress in Mathematics at Key Stage 4 (up from 23.7% in 2007). In order to achieve this target, we would expect 28% of

students to make two levels of progress in Mathematics in 2008 (based on the FFT D estimate); and

- e) 8.1% of 16-19 year olds who are not in education, employment or training (down from 8.9% in 2007).

#### 4.5 The National Challenge Programme

- 4.5.1 The National Challenge programme was launched by the Secretary of State for Children, Schools and Families on 10 June 2008. The programme is designed to ensure that all secondary schools reach a national minimum floor target of 30% of students achieving five A\*-C including English and Mathematics.
- 4.5.2 According to the 2007 performance tables, there were 638 secondary schools in England below this floor target. The Government provides support for schools below the 30 per cent threshold, including a National Challenge Adviser for each. Schools and local authorities have been asked to identify the correct package of support for each school.
- 4.5.3 Five Leicester colleges were identified and there is a strong expectation from government that the LA will provide radical transformational solutions for these schools.
- 4.5.4 By 2011 the DCSF expect every school will be above the threshold of at least 30% five or more good GCSEs including English and Mathematics. If there are schools still stuck below the target, their expectation is that they will close or be replaced by an Academy or National Challenge Trust.

#### 4.6 The Council's Response to the National Challenge Programme

- 4.6.1 The Council's response to the National Challenge programme was considered in the wider context of the TLL action plan and the partnership between the Council and DCSF. As a consequence, the long-standing proposal to meet the Schools Minister in July 2008 and discuss progress was used as an opportunity to present a range of options to ensure continuing improvement.
- 4.6.2 The Leicester delegation consisted of Elected Members and Senior Officers. The Council presented its 'One Leicester' vision, confirming that investment in children and young people is a top priority and there is an intention to develop an integrated 0-19 Education Service. The challenges facing Leicester were outlined to the minister, in particular: continuing low attainment at Key Stage 2 and Key Stage 4, high levels of NEETs, teenage pregnancy rates and the attainment gap across different areas of the City.
- 4.6.3 A major outcome of the meeting was a commitment from the delegation to consider radical solutions, including academies. The LA are determined to focus on improving outcomes for children and young people. In supporting diversity of choice for parents, they are committed to collaboration between the family of schools whatever their nature. As a leader of the learning community in the City of Leicester, they will be a Co-Sponsor in any Academy solution. Academies are now being strongly encouraged to work in partnership.

4.6.4 An independent survey by the National Audit Office highlighted the following educational opportunities achieved through the academies programme:

- a) Most Academies have made good progress in improving GCSE results and the programme is on track to deliver good value for money.
- b) Taking account of both pupils' personal circumstances and prior attainment, on average, Academies are improving performance at GCSE and national tests substantially better than other schools.
- c) Academies demonstrate high quality leadership and governance and improved teaching and learning.
- d) Academies admit higher proportions of deprived children than live in their immediate area, and nonetheless are improving at a faster rate than schools nationally.
- e) Academies are popular with parents and staff.

4.6.5 Academies provide the opportunity for transformational change.

- a) Academies offer the freedom to develop a diverse curriculum that will offer choice to students and give principals and staff new opportunities to develop educational strategies to raise standards and contribute to diversity.
- b) In developing a vision and culture the Academy Trust can work with governors, senior leaders, students, staff, parents and the community.
- c) The Academy investment can act as a catalyst to raise community aspirations and engagement with education provision.
- d) Each individual Academy would have its own vision and culture reflecting the needs of their students and local community.
- e) Evidence shows that most Academies are bringing about strong and sustained improvements in student attainment, attendance and behaviour.

4.6.6 Academies can strengthen the governance and partnership involvement leading to a step change in performance.

- a) Academies are run on an independent basis, which is critical to their success because of the absolute responsibility this accords their sponsors, principals and governing bodies for their management.
- b) Academies can bring a distinctive approach to school leadership drawing on the skills of sponsors and other supporters.
- c) The Academy proposals, and specifically where the LA is a Co-Sponsor, will ensure that the Academies remain part of the local family of schools and will share resources with other schools.

4.6.7 The Academy programme brings a range of financial benefits.

- a) The Sponsor must use best endeavours to source a £2m endowment fund over 10 years to provide the Academy with an annual income to enhance their learning opportunities.

- b) DCSF will fund the Project Management Company who will manage and deliver the Academy project through to opening.
- c) Additional funding is provided to each Academy to cover expenditure for basic resources of teaching and learning materials. The funding is calculated on the basis of the number of places at the Academy.
- d) There is also a formulaic allocation for specific transitional costs, such as recruitment of additional staff, new uniforms and student induction.
- e) An Environment Improvement Grant is allocated by DCSF, following an assessment of existing school buildings, to make some improvements before the Academy opening. This can provide cleaner, brighter, fresher schools and maybe some additional facilities.
- f) ICT funding can be made available by DCSF, if appropriate and following recommendation by Becta, for ICT enhancements in readiness for the Academy opening.

#### 4.7 The Business Case for National Challenge colleges

##### 4.7.1 The Business Case for each college contains:

- a) Information about each school - including attainment, behaviour and attendance, NEETs, turbulence factors and SEN.
- b) Information about each local area – including deprivation indices and information about where students in each school come from.
- c) An analysis of the current performance of each school.
- d) Information about school improvement strategies, including current levels of intervention.
- e) An analysis of options for each school:
  - I. Do nothing
  - II. Increased intervention and support
  - III. Executive Headteacher
  - IV. Federation with a stronger school
  - V. Trust school status
  - VI. Academy status
  - VII. Closure
- f) Preferred option.

##### 4.7.2 The full Business Case for each of the five National Challenge colleges is appended to this report.

#### 4.8 Executive Summary – Business Case

A summary of each of the executive summary business case recommendations is outlined below.

#### 4.8.1 Babington Community College

- i) Recommendation: An Academy solution should be fully explored with potential sponsors.
- ii) Although there are a number of key developments taking place within the college since the appointment of the new Principal at Easter 2008, historically achievement has fluctuated and is fragile and at present the rapid improvement needed to meet the National Challenge levels of achievement cannot be guaranteed.
- iii) The College's popularity amongst its community has declined over a number of years and student numbers remain below the Planned Admission Number (PAN) of 210. The current Year 7 cohort of 113 comes from 30 different Primary schools. Babington has 5 main feeder primary schools, 1 of which is in Special Measures, whilst 2 other schools have been below the 55% Key Stage 2 Level 4 target for 1 or more years.
- iv) An Academy proposal would strengthen the governance and partnership involvement leading to a step change in performance with different approaches to pupils learning experiences with a clear focus on basic skills and appropriate pathways to future opportunities. An Academy, initially based at Babington, could lead to a significant increase in the number of children who live in the local community attending the college. It would offer the opportunity to create something very special and raise the level of aspiration for the local community.
- v) The development of an Academy, particularly in the Ashton Green area, could offer the opportunity for a co-located Primary school, a possible post 16 Vocational provision, a 'one stop shop' and the opportunity to 'think outside the box' in terms of creating a 'joined up' community provision.

#### 4.8.2 Fullhurst Community College

- i) Recommendation: An Academy solution should be fully explored with potential sponsors, including the possibility of a collaborative Academy option with Riverside Business and Enterprise College.

Following an Ofsted inspection in November 2007 the college was given a 'Notice to improve'. During the Spring Term of 2008 the Local Authority judged that the pace of change in raising standards was too slow. It intervened in the college by appointing an executive principal and an Interim Executive Board (IEB) to replace the governing body. The College currently receives a significant amount of both Financial and Practical support. Although considerable progress has been made in raising standards and addressing the issues identified by Ofsted, this level of additional resource is unsustainable.

- ii) An Academy proposal would strengthen the governance and partnership involvement leading to a step change in performance with different approaches to students' learning



experiences with a clear focus on basic skills and appropriate pathways to future opportunities.

- iii) An Academy based at Fullhurst would provide a central community resource which could become the hub for regeneration within the local area. It would create the opportunity to work closely with all sectors within education thus ensuring a smooth transition between the different stages, which would be particularly important in tackling the high number of NEET students. An Academy proposal could lead to the development of highly effective partnership with a wide circle of key support services working together to provide a high quality community service.

#### 4.8.3 Hamilton Community College

- i) Recommendation: Maintain the current levels of support and closely monitor progress.
- ii) The evidence clearly illustrates sustained improved performance over a three year period. The continuing support from the Local Authority will underpin this upward trajectory. Numerous development opportunities are available, which would enable the College to provide a central community resource and become the hub for regeneration within the local area. Hamilton is currently the only full service Extended School in the city, providing excellent support for the community.
- iii) The current Principal provides clear direction to the work of the College and is well-supported in this by his senior leadership team. The middle leadership team has many emerging strengths. The Governing Body has a clear picture of the college's strengths and weaknesses and is increasingly acting as a critical friend to the College's leadership.
- iv) An Academy at this time would not bring any significant benefit and such a proposal would be detrimental to the improvements already being made.

#### 4.8.4 New College Leicester

- i) Recommendation: Maintain the current levels of support and closely monitor progress.
- ii) An Academy proposal for New College was previously considered in 2004 but the plans were abandoned in 2007 following the significant improvement in all aspects of the work of the college. However should recent progress not be sustained at the current rate then the decision should be reviewed.
- iii) The College has greatly benefited from the involvement of an Executive Headteacher, who together with the substantive Principal led the radical transformation within the College. The Executive Headteacher role ceased in November 2007.
- iv) The evidence clearly illustrates that although there has been significant progress within the college it remains fragile and needs the continuing support from both the DCSF and LCC. Numerous development opportunities are currently being discussed which would enable the college to provide a central community resource and become the Hub for regeneration within the local area. This would also create the opportunity to work

closely with all sectors within education thus ensuring a smooth transition between the different stages.

#### 4.8.5 Riverside Business and Enterprise College

- i) Recommendation: An Academy solution should be fully explored with potential sponsors, including the possibility of a collaborative Academy option with Fullhurst Community College.
- ii) The current Year 7 cohort of 69 students are from 19 Primary schools. Riverside has 4 main feeder primary schools, 2 of which are currently in Special Measures, whilst the other 2 schools have been below the 55% Key Stage 2 Level 4 target for at least 1 or more years. Of the 572 students currently attending the College 36% have moved to Riverside after the start of Year 7. There is a significant influx of students, particularly into Years 9-11, currently 59 from other Leicester schools, and 93 from outside the LA. This turbulence impacts on the overall academic performance of the students at the college.
- iii) Overall standards in Key Stage 3 and Key Stage 4 were lower in 2008 and did not build on the progress and attainment made in 2007. Students made better progress in Maths than they did in English and Science. Attainment at Key Stage 4 was 1% above target for both 5A\*-C and 5A\*-C inc English and Maths. (32% and 22%). The 22% 5A\*-C including English and Maths remains well below the National target of 30%.  
The College currently receives a significant amount of both Financial and Practical support but this has not made any significant impact upon raising standards or increasing student numbers.
- iv) An Academy proposal would strengthen the governance and partnership involvement leading to a step change in performance with different approaches to pupils learning experiences with a clear focus on basic skills and appropriate pathways to future opportunities. An Academy based at Riverside could lead to a significant reduction in the number of children who live in Leicester but attend schools across the County Border and those who opt to travel to other schools within Leicester City.
- v) The development of an Academy at Riverside would provide a central community resource which could become the Hub for regeneration within the local area. It would create the opportunity to work closely with all sectors within education thus ensuring a smooth transition between the different stages. This would be particularly important in tackling the high number of NEET students. This could lead to the development of highly effective partnership with a wide circle of key support services working together to provide a high quality community service.

#### 4.9 The Process and Timescales to open an Academy

4.9.1 In the event that the recommendation to explore an Academy solution for Babington Technology College, Fullhurst Community College and Riverside Community College is accepted, the project phases to open one of the Colleges as an Academy in September 2010 are set out below.

#### 4.9.2 Brokering Phase

4.9.2.1 Objectives: Identify and agree an appropriate academy sponsor to work in partnership with the LA as a C-Sponsor. Any sponsor will need to adhere to the guiding principles for partnership set by the LA in 2003 and reconfirmed by the Administration in July 2008. See attached Appendix 1 – The Guiding Principles for Partnership.

4.9.2.2 Key deliverables:

- a) Consider the schools and projects on offer and work with potential sponsors to best match their skills, background and experience to a particular academy;
- b) Potential sponsors meet with the LA and explore each other's expectations and plans for the Academy;
- c) Begin to develop an ethos and vision for the proposed academy that is complementary to the wider educational vision for the area, and the needs of the local community;
- d) Agree to an outline timetable and proposed plan for establishing the academy;
- e) The Office of Schools Commissioner will issue a statement of intent letter confirming that the LA have agreed with the sponsor(s) to develop a formal Expression of Interest to establish the academy.

4.9.3 Expression of Interest (Eol) Phase

4.9.3.1 Objectives: Develop with the sponsor a formal Expression of Interest document for Cabinet approval prior to submission to Ministers for their approval of the proposed Academy project.

4.9.3.2 Key deliverables:

- a) Obtain key stakeholder support for the Eol from the Local Authority, predecessor school governors and Learning Skills Council.
- b) Agree the ethos, vision and key details for the academy including: the proposed size, location, the age-range and chosen specialism(s) etc.
- c) Agree the Academy's building (new and / or refurbished) will be delivered through the LA and Partnerships for Schools (PfS) and confirmation of the building delivery process (BSF-LEP or PfS Framework).
- d) Identify key individuals who will take the project forward (including delegated authority as appropriate).
- e) Obtain Cabinet approval to the final Eol (approval to move to Feasibility Phase).
- f) Obtain Ministerial approval to move to the Feasibility Phase.

4.9.4 Feasibility Phase

4.9.4.1 Objectives: Consult widely to develop plans for the organisation, management, and operation of the Academy and sign a Funding Agreement between the Academy Trust

and the Secretary of State, which is a legally binding document that sets out the boundaries for the funding and operation of the Academy.

#### 4.9.4.2 Key deliverables:

- a) Sponsor and DCSF Appoint project management company (PMC) to oversee the feasibility and implementation phases and to achieve the key deliverables.
- b) Set up the Project Steering Group who will oversee and manage the academy project.
- c) Closure of the predecessor school(s) consulted on and agreed by the local authority.
- d) Obtain local stakeholder and community support for the proposed academy through a formal consultation process. Stakeholders include the following:
  - I. Students, staff, parents and governors of the predecessor school
  - II. Local community
  - III. Professional Associations and Trade Unions
  - IV. Feeder primary and local infant schools
  - V. Cabinet Members for Leicester City Council
  - VI. The City Council
  - VII. Wider community
  - VIII. Anglican and Roman Catholic Diocese
  - IX. Learning and Skills Council
  - X. Neighbouring Local Authorities
  - XI. Children and Young Persons Strategic Partnership
  - XII. Universities and Colleges
- e) Establish the Academy Trust.
- f) Provide detailed education brief outlining how the sponsor's ethos and vision will be delivered.
- g) Develop a design brief for the academy's new buildings (where appropriate).
- h) Agree land transfer terms and lease arrangements from LA to Academy Trust.
- i) Complete and sign the Funding Agreement and Deed of Gift (where appropriate).

#### 4.9.5 Implementation Phase

4.9.5.1 Objectives: Transform the predecessor school so it is ready to open as an Academy.

#### 4.9.5.2 Key deliverables:

- a) Ensure students, parents, and the wider community are actively involved in Academy's development.

- b) Sponsors recruit a Principal for the Academy, together with other members of the senior leadership team.
- c) Sponsors and Principal work together to deliver the academy's vision and ethos.
- d) Plan the Academy's curriculum for its first and subsequent years.
- e) Develop the academy's statutory policies.
- f) Academy Trust forms the Academy's governing body, which will approve the academy's policies.
- g) Transfer staff from the predecessor school under TUPE regulations.
- h) Progress the design and build process for the academy.

4.9.6 The anticipated timescales to open an academy in September 2010 are set out below.

	<b>Year</b>	<b>Month</b>	<b>Stage</b>
	<b>2008</b>	Dec	<b>Brokering Phase</b> - Identify appropriate sponsor(s)
		Jan	
<b>Expression of Interest</b> <i>Sponsor, LA and DCSF</i> <i>agree to enter</i>		Feb	<b>Expression of Interest</b> - Develop EoI for Cabinet approval - Submit to Ministers for approval
		Mar	
	<b>Feasibility Phase</b>		Apr
	<b>2009</b>	May	<b>Academy Feasibility Phase</b> - Consultation on School Closure - Consultation on Academy proposals - Establish Academy Trust - Agree Education Ethos and Vision - Develop Design Brief for new buildings (where appropriate)
		June	
		July	
<b>LA Coordinated Admissions</b>		Aug	
		Sept	
		Oct	
<b>Funding Agreement</b> <i>Sponsor and DCSF</i> <i>agree to open Academy</i>		Nov	<b>Academy Implementation Phase</b> - Sponsor appoints Principal - Engage students, parents, staff and local community - Transfer staff from predecessor school (TUPE) - Deliver vision and ethos - Plan curriculum - Appoint Governing Body - Develop statutory policies
		Dec	
	<b>2010</b>	Jan	
		Feb	
		Mar	
		Apr	
		May	
		Jun	
		Jul	
		Aug	
		Sept	<b>Academy Open</b>
		Oct	

## **5.0 Headline Financial and Legal Implications**

### **5.1 Financial Implications**

#### **5.1.1 Current Arrangements**

5.1.1.1 All three schools for which it is recommended that an Academy solution should be explored are currently maintained by the City Council. Along with all other maintained schools in the City, they are principally funded via the Dedicated Schools Grant (DSG) and the Standards Funds, which are major funding streams from the Government paid to the City Council for the purpose of maintaining schools. The delegated budget and other funding for each school is determined by the local schools funding formula and by some nationally determined allocations.

5.1.1.2 All three schools are included within the City Council's Building Schools for the Future (BSF) programme, which is intended to support the transformation of learning in the City through the provision of new and refurbished school buildings and associated facilities on school sites.

#### **5.1.2 National Position on the Funding of Academies**

5.1.2.1 The DCSF states that academies are all-ability, state-funded schools, established and managed by sponsors from a wide range of backgrounds. On establishing an academy, the sponsor sets up an endowment fund, the proceeds of which are spent by the academy trust on measures to counteract the impact of deprivation on education in their local communities. Academies are not maintained by the local authority, but they collaborate closely with it, and with other schools in the area. It should be noted that as set out in para. 4.6.3, it is intended that the Authority will be involved as a co-sponsor.

5.1.2.2 The DCSF also state that academies are funded at a level comparable to other local schools in their area. Ministers are very clear that there must be parity of funding with schools in the maintained sector that operate in similar circumstances. Otherwise, those schools could justifiably argue that they are being treated inequitably. Ministers want to ensure that funding will allow Academy innovations to be replicated in other schools. This report sets out at para. 4.6.7 a range of potential financial benefits from the Academies programme.

5.1.2.3 In the summer of 2007, the Government undertook a wide-ranging consultation on the future of funding arrangements for schools and early years settings. The decisions from this for the period 2008 to 2011 in respect of academies are that:

- (i) The funding for new academies opening from 2008 onwards deducted from the Dedicated Schools Grant paid to Local Authorities will be equal to the delegated budget for the school that an authority would have calculated through its local formula, had the school stayed in the maintained sector. This is the "recoupment model". A locally-calculated average amount per pupil for certain central services provided or held by the Council will also be deducted from the DSG paid to the Council (for example the School Admissions service). It is

further understood that the recoupment will be adjusted to reflect the lower NNDR (rates) charges payable by Academies, by virtue of their charitable status.

- (ii) The funding transfer for existing academies remains unchanged, and will be based on the Dedicated Schools Grant unit of funding (locally, this applies to the Samworth Enterprise Academy, and means that the funding transfer from DSG is based on average funding for all pupils in the City, rather than the funding that the Samworth Enterprise Academy would have received under the local schools funding formula).
- (iii) For each pupil at an existing academy for whom individually assigned Special Educational Needs (SEN) resources are allocated (paid for by the local authority), DCSF will pay the local authority the Dedicated Schools Grant unit of funding. It is understood that this means that the Council would retain the funding for pupils with statements requiring over 25 hours' per week additional support, and in turn would fund this additional support for such pupils in an Academy.
- (iv) All specific grants for academies will in future be paid direct by DCSF rather than by local authorities. That will reduce the administrative burden for academies, authorities and DCFS. This means that certain Standards Funds received by the Council would be reduced, for example School Development Grant and School Standards Grant.

5.1.2.4. It should be noted that the DCSF will determine the funding to be received by each academy; the above points deal only with how the funding received by the City Council would be reduced to reflect that academies are not maintained by the Council. As noted above, however, the DSCF states that academies are funded at a level comparable to other local schools in their area, albeit with potential financial benefits from the Programme.

5.1.2.5 It is understood that the accumulated surplus or deficit of a school that becomes an Academy would remain with the Council and would be returned to (or funded by) the Schools Block budget (DSG).

### 5.1.3 Impact on Schools and Services that Remain with the City Council

5.1.3.1 On the strength of the above, the transfer of funding to the DCSF for the three potential academies in this report should not significantly impact upon the funding available for the schools and services that continue to be maintained by the Council. However, the reduction in DSG relating to centrally provided / managed services may not be matched by actual cost reductions due to diseconomies of scale. There is a possibility that academies might choose not to continue to purchase existing traded services from the Council, although this is already a matter of choice for all schools. There is also a potential for the Council to trade additional services with academies.

5.1.3.2 It should also be noted that any movement of pupils away from other city schools to an academy could impact on the financial position of those other schools, which could



cause difficulties at school level and calls for additional support over and above the local funding formula allocation.

#### 5.1.4 Implications upon Building Schools for the Future (BSF)

- 5.1.4.1 As noted above, all three schools are included within the City Council's Building Schools for the Future (BSF) programme. It is understood that a change to Academy status would not affect these plans, and that the Council would continue to rebuild or refurbish the schools, probably working as agent for the Academy Trust. The refurbishment of Fullhurst Community College under BSF will, of course, be complete before any change to Academy status.
- 5.1.4.2 Whilst the construction phase of the schools should be largely unaffected, the impact on the on-going revenue funding arrangements for the 25 year period of BSF is less clear. Schools rebuilt under the Private Finance Initiative within BSF are subject to a "unitary charge" for 25 years, which can be likened to the repayment of a mortgage and which also includes provision for facilities management, lifecycle repair and renewal of the facilities and provision of managed IT services. Schools refurbished as Design and Build schools also have arrangements over 25 years for facilities management, lifecycle and IT.
- 5.1.4.3 The agreed arrangements for funding BSF in Leicester over the 25 years are based on support from the Government and contributions from schools and the City Council, with the school contributions being shared out amongst schools relative to size of revenue budget share and pupil numbers. It is unclear whether an Academy Trust would wish to seek to change this arrangement so that the Academy pays the actual costs relating to its school rather than a contribution to a funding "pool" based on its budget and pupil numbers. It is also to be determined whether the City Council would wish to contribute to any net BSF costs of academies that it is not responsible for maintaining, in the event of an "affordability gap" on the Citywide BSF account.

#### 5.1.5 School Business Cases

- 5.1.5.1 The Business Cases prepared for each school considered in this report do not include a financial analysis. Given the DCSF commitments regarding comparability of funding, such an analysis may not have added significantly to the Business Case at this stage. However, it is worth noting that two of the schools are known to be facing particular financial challenges, driven by a number of factors. Should further exploration of the Academy route take place for the three schools as recommended in this report, then it is suggested that a rigorous financial evaluation should be included, so that a financially viable way forward can be developed. Such an evaluation should also consider the wider effect of any potential pupil movements from other schools.

#### 5.1.6 Resourcing the Process

- 5.1.6.1. The work to determine the future arrangements for the schools in this report will continue to place significant demands on CYPs officers and may require continued engagement of external support. This will be funded by a combination of existing staff time and budgets, the Transforming Leicester's Learning programme and National Challenge monies, together with programme support from DCSF.

5.1.6.2 The financial implications for the Council and the potential academies will need to be explored in greater detail as the process moves forward and the national position continues to evolve.

Colin Sharpe, Head of Finance and Efficiency, CYPS. Ext. 29 7750.

**5.2 Legal Implications**

5.2.1 The Report accurately sets-out the phases involved in pursuing the Academy option for each of the three schools identified. There are many specific interfaces with legal processes that will need to be explored in greater detail as the phases progress, such as:

- (i) scope, specialism and ethos of the school, and compliance with admissions law
- (ii) property law issues (ownership of land/site and buildings, and related linkages with BSF)
- (iii) employment law issues (transfer of staff etc)
- (iv) ensuring due process by way of proper consultation with all related parties on matters such as establishment of new school, closure of predecessor school and staffing matters.

5.2.2 In terms of impact on the remaining maintained schools, presumably the Feasibility phase will seek to identify whether the new Academies will attract their own cohorts, or whether even greater demands will be placed on the City Council Admissions Service to allocate places for pupils in the remaining maintained secondary sector.

(Kamal Adatia, Barrister, ext 7044)

**6. Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

**7. Background Papers – Local Government Act 1972**

None

**8. Consultations**

The five national challenge schools have been consulted during the preparation of each business case.

## 9. Report Authors

Report author: Jenny Vickers  
Lead Officer – Academies  
Extn: 297712

Business Case Author: Margaret Hamlet on behalf of Jenny Vickers

Margaret Libreri, Service Director, Learning Services, CYPS. Extn: 297701

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

## **Appendix 1 – THE GUIDING PRINCIPLES FOR PARTNERSHIP**

A set of Guiding principles were agreed by the Labour administration in 2003 and reconfirmed by the Administration in July 2008.

### **A school for the local community which:**

- Promotes the enduring values of comprehensive education;
- Has high expectations, with a commitment to high attainment and a belief in young people both as they are and as they might become;
- Has no selection by ability, class, gender, religion or geography;
- Promotes equal access;
- Is free at the point of use;
- Works in harness with the City's secondary transfer criteria;
- Has a governing body with significant community representation;
- Works with the City Council to promote and sustain neighbourhood revitalisation and;
- Participates fully in the networked learning opportunities with other city schools.

### **A school that provides individual pupils with:**

- The best possible learning opportunities inside and outside the school;
- The best teaching and learning strategies;
- An innovatory curriculum that meets the diverse needs of the local population.

### **A school where the partner will:**

- Have a deep fundamental regard for the above principles;
- Have a commitment to use all of its resource to meet the individual and collective learning needs, life chances and ambitions of the local community;
- Have a commitment to developing and promoting the best possible teaching and learning within a vibrant learning environment.