

# **Academies: Signposting the future Policy Review : 13 October 2010**

Understanding the implications for  
local government finance

John Freeman CBE

A new UK Government took office on 11 May. As a result the content on this site may not reflect current Government policy.

All statutory guidance and legislation published on this site continues to reflect the current legal position unless indicated otherwise.

## **Three pressures operating in the same direction:**

- Spending Review – best estimates over four years:
  - DfE reduction in spending by 30%
  - Front-line reduction in spending by 10%
  - Local authority reduction in spending by 30%
- Simplification
- 'Freeing-up the front line'

## **Conclusions**

There will be less central bureaucracy; for schools there will be less challenge, fewer targets, and less support; what will matter is whether schools meet the needs of local communities and operate viably.

Local authorities will retrench to core business, and will not be heavily involved where they are not required to be.

New alliances and coalitions will form to secure both quality and value-for-money.

## **In the short term ...**

Sums allocated to academies will include funding previously managed by local authorities, such as rates, insurance, low-level and high-level SEN, as well as funding already delegated and used to buy-back services from the local authority. There is no single model for this, but all local authorities need to plan for the changes in 2010/11, in 2011/12 and beyond.

## **In the medium term ...**

Almost certainly, we will see a shift to a simplified national funding formula for schools. This will remove local authorities from the funding discussions and arrangements, such as Schools Forums. This will ensure national fairness but will not be pain-free.

There are many questions: How will growth and decline in numbers be managed? How will small schools be supported? What happens if a school becomes financially non-viable? How will the pupil premium work? How will SEN work?

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