

**SCHOOLS FORUM – 14<sup>h</sup> December 2016****SCHOOLS FUNDING FORMULA – CENTRALLY RETAINED AND DE-DELEGATED EXPENDITURE DECISIONS – 2017-18****1. PURPOSE**

Members will re-call that the DfE regulations require Schools Forum, as part of the funding formula submission, to vote on the proposed recommendations of the Local Authority in respect of a number of centrally retained expenditure and delegated expenditure decisions. The purpose of this paper is to provide information to enable those members eligible to vote and to assist in the voting process.

**2. BACKGROUND**

The introduction of the new Fairer Funding For Schools Reforms for the 2013-14 financial year required funding in respect of certain services to be delegated to schools in the first instant. An option is permitted for this funding to be returned (de-delegated) to Councils by the maintained schools (should the maintained reps vote to agree to this) for the services to be provided by the Council.

In addition there are certain items of expenditure that the Council can retain centrally through a top slice of DSG however the Schools Forum as a whole must vote to approve this on a line by line basis. The expenditure on these generally must not exceed the original 2013-14 budget amounts, however the Schools Revenue Funding 2017 to 2018 Operational Guide states that with the approval of the Schools Forum amounts in respect of Admissions and the servicing of the Schools Forum can be increased.

The decision on both centrally retained expenditure and any de-delegated expenditure is an annual decision and that is the purpose of this report. For centrally retained expenditure then the whole Schools Forum must vote on a line by line basis. In respect of those services where expenditure can be de-delegated back to the Council School Forum members who represent maintained schools are required to vote, again on a line by line basis whether they wish this de-delegation to take place. Whilst voting is by sector only one vote per line is now required as a result of there are now only maintained primary schools within the borough.

Two changes to the requirements for the 2017-18 funding formula are in respect of the Education Services Grant (ESG).

The first is in respect of the retained rate, members may recall that at the last Forum meeting they were advised that this has now been built into the DSG as a result of the proposed cessation of the ESG from 2017-18. As a result Schools Forum are now required to vote whether the Local Authority can retain this amount, equal to £15 per pupil for all pupils in the borough regardless whether they are based in academies or maintained schools.

The second change is around the general rate where Local Authorities have the option, in agreement with the maintained reps of the Schools Forum, to charge maintained schools an amount per pupil in respect of general rate functions.

### **3. WHAT WE NEED TO VOTE ON**

A full list of the those items of expenditure affected as detailed in the Operational Guidance is included in Appendix A for information.

The items that concern the Schools Forum at this time are as follows:

#### **Centrally retained expenditure**

Admissions	£217,559
Servicing of Schools Forum	£11,300
Termination of employment costs	£434,400

And the new item of:

ESG Retained Rate (£15 per pupil for all pupils within the borough)	£345,641
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Schools Forum are asked to note that for 2017-18 the costs in respect of Admissions and the Servicing of the Schools Forum have not been increased. Within 2017-18 a review of admission costs will be undertaken and dialogue entered into with the Forum should there be a need to increase these in 2017-18 should the regulations still permit this.

**Items of Expenditure that can be de-delegated**

It should be noted that these amounts are best estimates based on the information on current conversions known at this time. These require confirmation from the EFA and will be further reduced if there are further in year academy conversions

Schools in financial difficulties contingency/other	£44,103
Free school meals eligibility	£5,594
Behaviour support services	£32,220
TU Facilities Time	£9,275

In respect of the new requirement around the ESG general rate the Council has decided that for 2017-18 it will not make a charge to maintained schools in respect of the ESG general rate levy. The Council would note that its decision is in respect of 2017-18 only and that within the year a detailed costing of the cost of retained duties be undertaken. Should this indicate an cost per pupil of greater than £15 this will be discussed with the Forum with a view to increasing the retained rate in 2018-19 should this be permitted.

**4. THE VOTE****Centrally Retained Expenditure**

In respect of those expenditure items that the Council can retain centrally it proposes to do so. To do this it requires Schools Forum to approve such proposals on a line by line basis at the amount stated.

To assist with this process an explanation of what is involved in respect of each item of expenditure is detailed in Appendix B, and for those duties connected with the ESG in Appendix C.

Eligible Forum members are therefore asked to approve whether they support the central retention of funds for the following:

- Admissions - £217,559

And again whether they approve the central retention of funds for:

- Servicing of Schools Forum - £11,300

And again whether they approve the central retention of funds for:

- Termination of Employment Costs - £434,400 (to part fund pre 1998 pension payments), and

Finally whether they approve that the Retained rate for the ESG can be centrally retained

- ESG Retained rate funding - £345,641

### **Expenditure which must be initially delegated but which can be de-delegated**

In respect of those items that are initially delegated to school budgets but which can be de-delegated back to the Council then the Council proposes that such de-delegation takes place. As such de-delegations would be from maintained schools only, academies receive this element of funding direct from the EFA as part of their budget share then only Schools Forum maintained school reps can vote on this. Again voting has to be on a line by line basis.

Where the Local Authority has decided to recommend de-delegation then If members decide not to de-delegate then funding for these would be built into their new funding and they will need to pay for any such service direct from their own budgets. If they do decide to de-delegate then funding for these services will be retained and provided centrally.

In respect of the Schools in financial difficulties contingency then were the decision to de-delegate not made and a school(s) got into financial difficulties then to balance the DSG the Council may need to seek any shortfall off the remaining maintained schools.

Eligible Forum members in respect of the primary sector are therefore asked to vote whether they wish to de-delegate the following item of expenditure:

- Schools in financial difficulties/other contingency - £44,103

And again whether the primary sector representatives wish to de-delegate the following item of expenditure:

- Free school meals eligibility - £5,594

And again whether the primary sector representatives wish to de-delegate the following item of expenditure:

- Behaviour support services - £32,220

And again whether the primary sector representatives wish to de-delegate the following item of expenditure:

- TU facilities time- £9,275

Finally maintained reps are required to not that for the 2018 year the Council will not be exercising its option to charge an amount per pupil in respect of the EGG general rate duties.

### **2017-18 Schools Funding Formula**

Linked to agenda item 33/16 Schools forum are asked to consider the following.

Our intelligence indicates that 6 schools budgets are tightening and calls on the Growth and Falling rolls fund are likely to occur with a greater chance of schools meeting the criteria. Given the relative small sum set aside, £50k per fund, Schools Forum are asked to consider two proposals:

- The roll forward of any underspend in both the Growth Fund and Falling Rolls Fund in 2016-17 to 2017-18, and
- The creation of an earmarked element within the DSG central contingency of up to £150k in respect of potential extra calls on the above funds.

### **Recommendations**

It is recommended that:

- The voting decisions as detailed above are recorded and minuted
- The Schools Forum agree to the underspend of any element of the both the Growth Fund and Falling Rolls Fund in 2016-17 being rolled forward to 2017-18, and
- The Schools Forum agree to the creation of an earmarked element within the DSG central contingency of up to £150k in respect of potential extra calls on the above funds

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Strategic Lead Manager – Partnering

6<sup>th</sup> December 2016

**Appendix A**

It is still permissible for services to be retained centrally with certain approval. Authorities will need to obtain School Forum approval to retain central funding for all of these services. The position is best demonstrated by reproducing an extract from the table from the EFA Schools Revenue Funding 2016 to 2017 Operational Guide July 2015

<p>Schools forum approval is required on a line by line basis.</p>	<ul style="list-style-type: none"> <li>○ EY Block provision</li> <li>○ Funding to enable all schools to meet the infant class size requirement.</li> <li>○ Back-pay for equal pay claims.</li> <li>○ Remission of boarding fees at maintained schools and academies.</li> <li>○ Places in independent schools for non-SEN pupils.</li> <li>○ Admissions</li> <li>○ Services of Schools Forum</li> </ul>
<p>Schools forum approval is required on a line by line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into.</p>	<ul style="list-style-type: none"> <li>○ Capital expenditure funded from revenue (ie no new projects can be charged to the central schools budget).</li> <li>○ Contribution to combined budgets.</li> <li>○ Existing termination of employment costs (ie no new redundancy costs can be charged to the central schools budget).</li> <li>○ Prudential borrowing costs.</li> </ul>
<p>Schools forum approval is required on a line by line basis, including approval of the criteria for allocating funds to schools.</p>	<ul style="list-style-type: none"> <li>○ Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained, academy.</li> <li>○ Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years.</li> </ul>

**Appendix B****Description of Services****Centrally retained expenditure****Admissions**

Funding to be retained to enable the local authority to fulfil its statutory duties in respect of school admissions for both maintained schools and academies in line with the School Admissions Code and associated legislation. This includes:

**General duties:**

- Determination of its duties in light of local circumstance and in accordance with guidance issued by the Department for Education and the Secretary of State.
- Promotion of Fair Access to educational opportunity for all children and young people.
- Formulation, consultation, determination and publication of:
  - its own admission arrangements and associated coordinated schemes for each year for all maintained schools and academies within the area;
  - the authority's school term dates for those schools for which it is the admission authority; and
- Publication of the admission arrangements for all maintained schools and academies in the area.
- Offer advice and guidance on legislative requirements and policies and procedures in respect of all aspects of school admissions to those schools for which it is the admission authority.
- Provision of impartial and independent advice to parents/carers on school admissions and school admission appeals.
- Maintaining and updating the local authority's catchment areas maps and lists.
- Keeping the local authority's website up to date with all admission policies, relevant information, links to school/academy sites, DfE etc.

**Phased primary and secondary coordination for maintained schools and academies:**

- Having an on-line application service available.
- Collect, administer, monitor, chase up and coordinate all applications ensuring that all applicants receive their highest available preference.
- Allocate and formally notify all applicants of the outcome of their application.
- Co-ordinate beyond the National and local offer dates to ensure available places are reallocated effectively.
- Inform all unsuccessful applicants of their right of an independent appeal.

**Phased primary and secondary coordination for maintained schools:**

- Identify, confirm and rank all preferences which are LAC, SEN, sibling, catchment, distance, belief etc in line with the published arrangements.
- Provision of an independent appeals process.

**In year coordination for maintained schools and academies:**

- Provide a Common Application Form for parents/carers to apply for all schools/academies in the area.

- Provide all parents/carers of the availability of school places at any one time within the local area.
- Have a Fair Access Protocol and appropriate processes in place.

#### In year coordination for maintained schools:

- Collect, administer, monitor, chase up and coordinate applications ensuring that all applicants receive their highest available preference
- Allocate and formally notify all applicants of the outcome of their application.
- Inform all unsuccessful applicants of their right of an independent appeal.
- Provision of an independent appeals process.

#### **Servicing of Schools Forum**

Funding to be retained in respect of meeting schools forum expenditure costs. In the past this funding has been used to meet not only Schools Forum costs but working party costs and the costs of one off projects / pieces of work.

#### **Termination of Employment Costs**

Funding to be retained to contribute to the pension costs of a number of pre 1998 retirees. The total spend on this area is £1.9M, the DSG contribution funds £0.4M.

#### **Delegated expenditure**

##### **Schools in financial difficulties contingency**

Funding retained to provide a contingency In respect of any maintained schools who experience temporary financial difficulties. This contingency protects the financial position of the maintained schools and should prevent calls on their budgets. If the decision to de-delegate is not made and a school(s) got into financial difficulties then to balance the DSG the Council would need to seek any shortfall off the remaining maintained schools.

##### **Other contingency**

Funding retained to meet other unexpected costs an example being a rates revaluation. Rates are pass ported through at the start of the year prior to the bills being finalised. Any change in the initially estimated figure is given to the school.

##### **Free school meals eligibility**

Funding covers the cost of Free School meals officer responsible for assessing eligibility for Free School Meals. Eligibility is based on receipt of certain qualifying benefits or having income less than a set amount. The officer works in conjunction with the Housing Benefits service, and information is collected once by the service in order to process both Free School Meals and Housing Benefits.



Following the introduction of universal free school meals for infant school children the service continues to collect information relating to children who would have received free meals, in order to calculate the pupil premium and ensure that the correct levels of funding are achieved.

If the decision to de-delegate is not made, schools will need to ensure that they have procedures in place for parents to apply for free school meals, collect evidence of income, assess entitlement, deal with changes in eligibility when the financial circumstances of the parent changes and reconcile the number of meals awarded.

Infant schools will need to ensure that they have procedures in place to identify children who would previously have qualified for free school meals as above.

### **Behaviour support services**

The Behaviour Service provides a facilitation framework for the management of those children and young people who present with significant emotional, social and behavioural difficulties. This includes the process of case management through the primary Behaviour and Attendance Collaborative (BAC) The Behaviour Service Manager chairs the weekly primary BAC and the referrals become the responsibility of the service's Inclusion Officers who provide support and guidance for the completion of referral papers; this work is supported by the service's Administrative Officer. The BAC consider each case and where appropriate brokers an alternative school place or alternative provision, ensuring access to appropriate placements. The range of options is from in-school support and advice through to placement, for the most complex cases, in the 2 local pupil referral units and / or a variety of alternative provision placements including 2 primary resource based provisions. Also included is support for the process of exclusion.

### **TU facilities time**

Funding to be retained to enable access to Council employed trade union representatives from UNISON and UNITE and local branch representatives from NASUWT and NUT to resolve employee relations and organisational change matters at an earlier stage thus minimizing cost and delays. Local trade union representatives will be available to attend meetings with individuals and groups of staff at your school if the monies are de-delegated. If schools were not to de-delegate the monies, the only trade union representatives would be regional officers who are not often available at short notice or at certain times of the day/week due to other commitments across many authority boundaries. Therefore, this could add to the delay of resolving staffing matters which may have resultant costs for the school such as extended sickness, precautionary suspension, investigations and hearings.

**Appendix C****Description of Services****Education Services Grant**

Below is a copy of an extract from the Schools Revenue Funding 2017 to18 – Operational Guide Para 90 and Table 6 which shows the split of services between the two groups of duties, retained duties for all schools and general duties for maintained schools.

For 2017 to 2018, the general duties rate is ending and funding previously allocated through the ESG retained duties rate (£15) will be transferred into the schools block. Local authorities will be able to fund central services previously funded within the retained duties rate (for all schools), with the agreement of schools forum. They will be able to fund services previously funded within the general duties rate (for maintained schools only) from maintained school budgets shares with the agreement of maintained school members of the schools forum. The split of services between the two groups is shown at Table 6. References are to the schedules in the current schools and early years finance (England) regulations.

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
<p><b><u>Statutory and Regulatory duties</u></b></p> <p>Director of children's services and personal staff for director (Sch 1, 20a)</p> <p>Planning for the education service as a whole (Sch 1, 20b)</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 1, 20d)</p> <p>Administration of grants (Sch 1, 20e)</p> <p>Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 1, 20fi)</p> <p>Formulation and review of local authority schools funding formula (Sch 1, 20g)</p> <p>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA</p>	<p><b><u>Statutory and Regulatory duties</u></b></p> <p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 1, 20c)</p> <p>Budgeting and accounting functions relating to maintained schools (Sch 1, 20d)</p> <p>Functions relating to the financing of maintained schools (Sch 1, 20e)</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 1, 20fii)</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 1, 20h)</p> <p>Internal audit and other tasks related to the authority's chief finance officer's responsibilities</p>

<p>1972 except duties specifically related to maintained schools (Sch 1, 20i)</p> <p>Consultation costs relating to non-staffing issues (Sch 1, 20r)</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)</p> <p>Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)</p>	<p>under Section 151 of LGA 1972 for maintained schools (Sch 1, 20i)</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 1, 20j)</p> <p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 1, 20L)</p> <p>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 1, 20m)</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 1, 20n)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 1, 20o); determination of conditions of service for non-teaching staff (Sch 1, 20p); appointment or dismissal of employee functions (Sch 1, 20q)</p> <p>Consultation costs relating to staffing (Sch 1, 20r)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)</p> <p>Investigation and resolution of complaints relating to maintained schools (Sch 1, 20t)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 1, 20w)</p> <p>School companies (Sch 1, 20x)</p>
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	<p>Functions under the Equality Act 2010 (Sch 20y)</p> <p>Establish and maintaining computer system including data storage (Sch 1, 22)</p> <p>Appointment of governors and payment of governor expenses (Sch 1, 26)</p>
<p><b><u>Education Welfare</u></b></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)</p> <p>School attendance (Sch 1, 11)</p> <p>Responsibilities regarding the employment of children (Sch 1, 29)</p>	<p><b><u>Education Welfare</u></b></p> <p>Inspection of attendance registers (Sch1, 1)</p>
<p><b><u>Asset management</u></b></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 1, 10a)</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies</p>	<p><b><u>Asset management</u></b></p> <p>General landlord duties for all maintained s (Sch 1, 10a (section 542(2) Education Act School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> <li>• appropriate facilities for pupils and staff (including medical and accommodation)</li> <li>• the ability to sustain appropriate loads</li> <li>• reasonable weather resistance</li> <li>• safe escape routes</li> <li>• appropriate acoustic levels</li> <li>• lighting, heating and ventilation which meet required standards</li> <li>• adequate water supplies and drainage</li> <li>• playing fields of the appropriate standards</li> </ul>

	<p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<p><b><u>Central support services</u></b></p> <p>No functions</p>	<p><b><u>Central support services</u></b></p> <p>Clothing grants (Sch 1, 10e)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 1, 15)</p> <p>Visual, creative and performing arts (Sch 1, 16)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 1, 17)</p>
<p><b><u>Premature retirement and redundancy</u></b></p> <p>No functions</p>	<p><b><u>Premature retirement and redundancy</u></b></p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)</p>
<p><b><u>Monitoring national curriculum assessment</u></b></p> <p>No functions</p>	<p><b><u>Monitoring national curriculum assessment</u></b></p> <p>Monitoring of National Curriculum assessments (Sch 1, 23)</p>
<p><b><u>Therapies</u></b></p> <p>No functions</p>	<p><b><u>Therapies</u></b></p> <p>This will be covered in the high needs section of the regulations</p>
<p><b><u>Additional note</u></b></p>	

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Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:

- Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e).
  - Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k)
  - Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l)
  - Investigation and resolution of complaints (Sch 1, 20t)
  - Legal services related to education functions (Sch 1, 20u)
-