**SCHOOLS FORUM – 11th December 2017**

**SCHOOLS FUNDING FORMULA – CENTRALLY RETAINED AND DE-DELEGATED EXPENDITURE DECISIONS – 2018-19**

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.

1. **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 stated that with the approval of the Schools Forum amounts in respect of Admissions and the servicing of the Schools Forum could be increased. This option has been retained in respect of 2017-18.

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 that there are now only maintained primary schools within the borough.

The changes introduced in 2017-18 in respect of the Education Services Grant (ESG) retained rate and general duties rate have been retained in 2018-19 and voting is required on these items.

1. **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 (historic commitment) | | £434,400 | |
| ESG Retained Rate (£15 per pupil for all pupils within the borough based on the October 2017) | £350,000 | |

Schools Forum are advised that for 2018-19, as in 2017-18 the costs in respect of Admissions and the Servicing of the Schools Forum have not been increased.

**Items of Expenditure that can be de-delegated back to the Authority**

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 Education & Skills Funding Agency (ESFA) 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 requirement around the ESG general rate the Council has decided that as in 2017-18 for 2018-19 it will not make a charge to maintained schools in respect of the ESG general rate levy.

1. **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 - £350,000

**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 ESFA 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 20118 year the Council will not be exercising its option to charge an amount per pupil in respect of the EGG general rate duties.

**2018-19 Schools Funding Formula**

Linked to agenda item 22/17 our intelligence indicates that schools budgets are tightening and calls on the Growth and Falling rolls fund are likely to occur with an increasing frequency with a greater chance of schools meeting the criteria. Schools Forum are asked to consider and vote on the following.

* That the amounts of £50k per fund for the two funds, the Growth and the Falling Rolls Fund are retained for 2018-19. A copy of the relevant Schools Forum reports is attached at Appendix D for information, and
* The roll forward of any underspend in both the Growth Fund and Falling Rolls Fund in 2017-18 to 2018-19 is approved

**Recommendations**

It is recommended that:

* The voting decisions as detailed above are recorded and minuted

David Kirven

Strategic Lead Manager – Partnering

11th December 2017

**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 ESFA Schools Revenue Funding 2018 to 2019 Operational Guide September 2017

|  |  |
| --- | --- |
| Schools Forum approval is not required (although they should be consulted). |  High Needs block provision |
| Schools Forum approval is required on a line-by-line basis. |  Admissions.   Servicing of schools forum.   Contributions to responsibilities that local authorities hold for all schools (services previously funded by the retained rate of the ESG).   Contributions to responsibilities that local authorities hold for maintained schools (services previously funded by the general rate of the ESG) (voted on by the relevant maintained school members of the forum only).   De-delegated services from the schools block (voted on by the relevant maintained school members of the forum only). |
| Schools Forum approval is required |  Any movement of funding out of the schools block   Any deficit of funding from the previous funding period which reduces the amount of the schools budget   Any brought forward deficit on de-delegated services which is to be met from the overall schools budget. |
| 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. |  Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget).   Contribution to combined budgets.   Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget).   Prudential borrowing costs. |
| Schools Forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools. |  Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy.   Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within 3 years. |

**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 or utility invoice. 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.

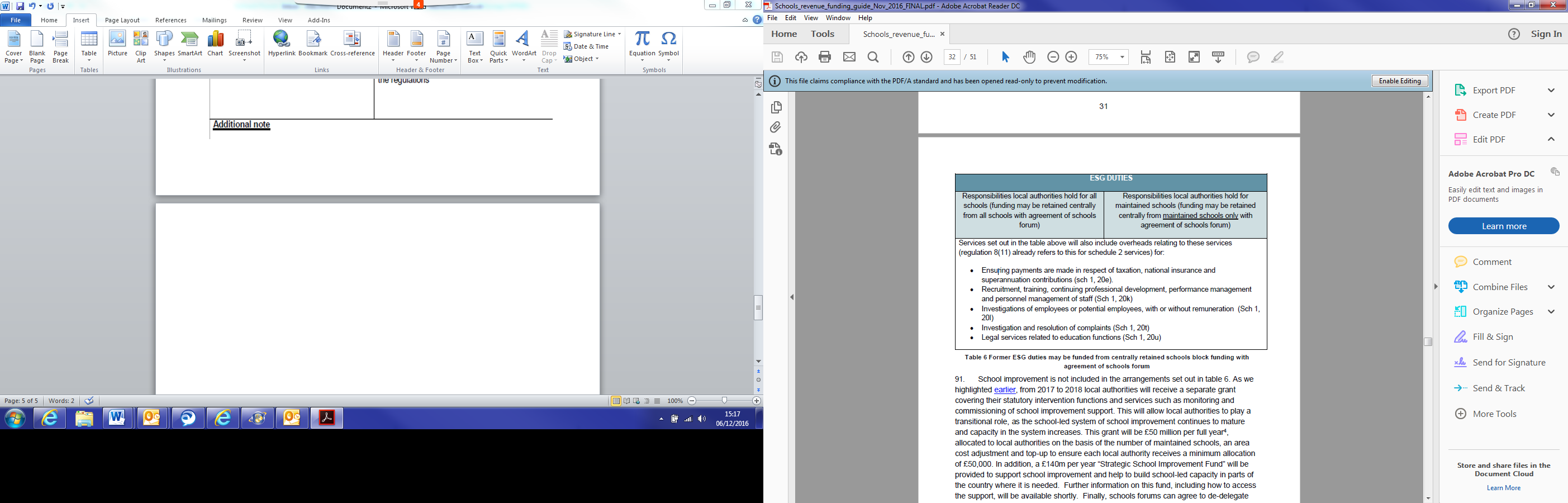
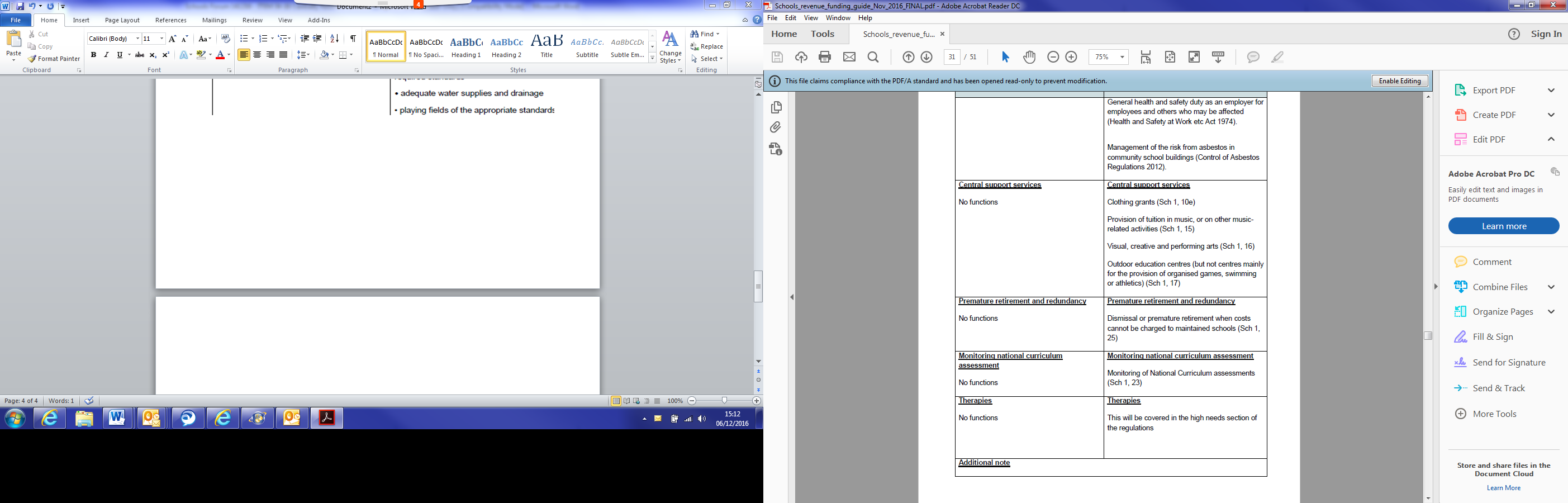
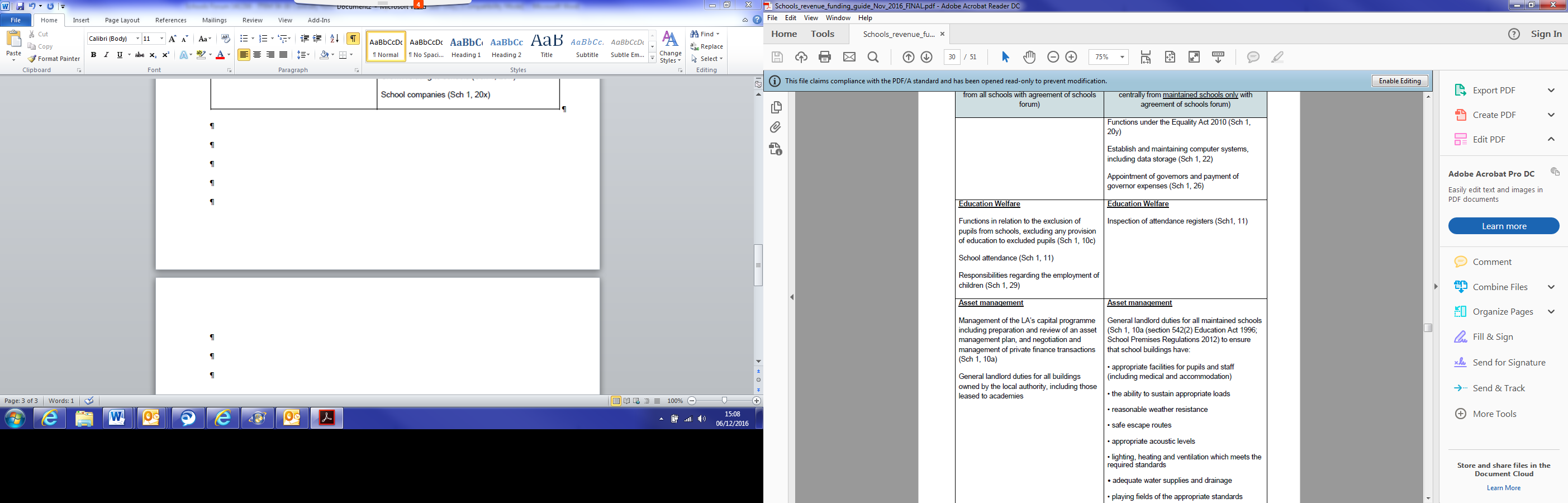
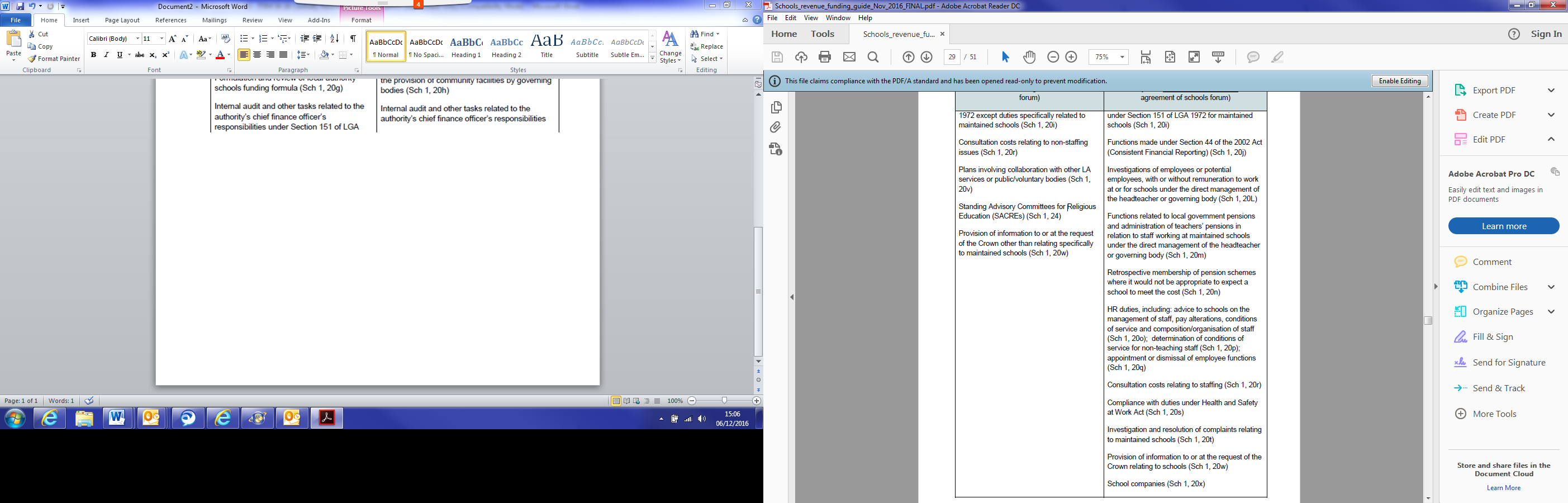
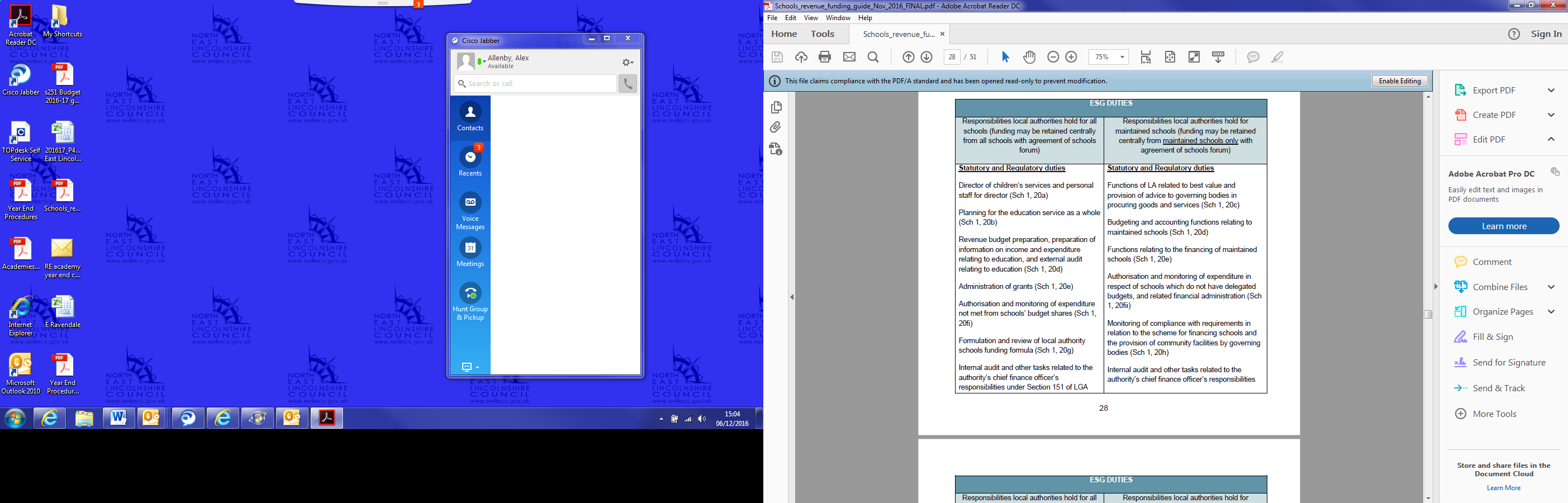
**Appendix C**

**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.



**Appendix D**

**SCHOOLS FORUM MEETING – 17th SEPTEMBER 2014**

**Updated Schools Funding Contingency Procedures**

**Growth in PAN allocation Contingency Procedure**

**Introduction**

The purpose of this note is to recommend, subject to any comments Schools Forum may have, an updated procedure to be adopted in accessing additional funding where the Local Authority requests a maintained or academy primary or secondary school to increase its PAN and this results in additional pupil numbers over and above those funded at the previous count. This procedure is being revised following the discussion on this item at the last schools forum in respect of the need to ensure that the limited resources are used where needed most, that is they are not distributed to schools who can afford the additional costs through their retained or predicted in year surpluses.

**Background**

The original strict obligations if such a fund is created remain unchanged. The purpose of this amendment is ensuring best use of funds. In brief obligations are:

* ensuring that such a fund is ring fenced to be used on growth funding only.
* that Schools Forum approves the creation of such a fund.
* the fund is available for the benefit of both recoupment academies and maintained schools.
* any funds remaining at the end of the financial year must be added to the following years DSG and re-allocated to academies and maintained schools through the local formula.
* criteria to access the fund are produced and approved by the School Forum.
* the basis of payment clearly defined.

**Criteria to be met**

In order for the contingency to be accessed then it is proposed that the following five criteria are met:

1. The increase in PAN must have been requested by the Local Authority as part of its strategic place planning role.
2. The increase in pupil numbers must materialise and must take pupil numbers in excess of those funded at the previous October count.
3. Where the increase in pupil numbers is 5 or less then no adjustment will be made.
4. In agreeing to fund any increase in pupil numbers then for clarity the first 5 pupils will be deemed to be funded by the school and will be excluded from the calculation for re-imbursement.
5. Schools must be able to demonstrate that they are unable to fund the request themselves. Where the school is maintained reference will be made to the school budget plan, where the school is an academy evidence such as system management accounts showing the projected outturn position and reserves position will be required as a minimum.

**Rate of re-imbursement**

Again this is unchanged from the procedure agreed at the Schools Forum on the 17th March 2014. It is repeated below for information:

The rate of re-imbursement proposed is to use the 2014-15 MFG per pupil value for the individual school multiplied by the materialised number of pupils in excess of the funded pupil numbers at the previous October count. Pro-rata adjustments will be applied where relevant. For clarity where re-imbursement is agreed then the first 5 pupils of the increase will be excluded from the re-imbursement calculation in accordance with point 3 above.

**Effective Date**

The proposed effective date is the 17th September 2014.

**Recommendation**

We would request Schools Forum to approve the above revised procedure in respect of the eligibility criteria to access this new growth fund.

We would also recommend that this procedure is reviewed in 12 months at the latest.

Contact Officer: David Kirven, Service Finance Manager – People.

**SCHOOLS FORUM MEETING – 17TH MARCH 2015**

**Updated Schools Funding Contingency Procedures**

**Falling Rolls Fund Contingency Procedure**

**Introduction**

The purpose of this note is to recommend, subject to any comments Schools Forum may have, an updated procedure to be adopted in accessing additional funding where a school is experiencing falling rolls but where local planning data shows the surplus places will be required in the near future. . This procedure is being revised to clarify the funding that will be available to ensure that the limited resources are used where needed most, that is are not distributed to schools who can afford the additional costs through their retained or predicted in year surpluses.

**Background**

The original strict obligations if such a fund is created remain unchanged. The purpose of this amendment is ensuring best use of funds. In brief obligations are:

* ensuring that such a fund is ring fenced to be used on growth funding only.
* that Schools Forum approves the creation of such a fund.
* the fund is available for the benefit of both recoupment academies and maintained schools.
* any funds remaining at the end of the financial year must be added to the following years DSG and re-allocated to academies and maintained schools through the local formula.
* criteria to access the fund are produced and approved by the School Forum.
* the basis of payment clearly defined

**Criteria to be met**

In order for the contingency fund to be accessed then it is proposed that the following six criteria are met:

1. The school must have been judged Good or Outstanding at their last Ofsted inspection. NOTE this is a mandatory requirement, the fund is not there to support unpopular or failing schools.
2. Pupil numbers must have fallen by 15% in primary schools and 25% in secondary schools in the last 3 years.
3. Local planning data held by the Council shows that the surplus places are expected to rise within the next 3 years by at least the average of the previous 3 years.
4. Formula funding available to the school will not support the provision of an appropriate curriculum for the existing cohort.
5. The school will need to make redundancies in order to contain spending within its formula budget.
6. Schools must be able to demonstrate that they are unable to fund the request themselves. Where the school is maintained reference will be made to the school budget plan, where the school is an academy evidence such as system management accounts showing the projected outturn position and reserves position will be required as a minimum.

**Rate of re-imbursement**

Again this is unchanged from the procedure agreed at the Schools Forum on the 17th March 2014. It is repeated below for information:

The rate of re-imbursement proposed is to use the basic AWPU for 2014-15 excluding the additional one off increase multiplied by the surplus number of pupil places. For clarity the number of surplus places is not the difference between the number of pupils on roll and the PAN but an amount agreed to make the school sustainable.

**Effective Date**

The proposed effective date is the 17th September 2014.

**Recommendation**

We would request Schools Forum to approve the above revised procedure in respect of the eligibility criteria to access this falling rolls fund.

We would also recommend that this procedure is reviewed in 12 months at the latest.

Contact Officer: David Kirven - Service Finance Manager – Partnering

**SCHOOLS FORUM MEETING – 16TH MARCH 2016**

**Updated Schools Funding Contingency Procedures**

**Falling Rolls Fund Contingency and Growth Fund Procedure**

**Introduction**

The purpose of this note is to recommend, subject to any comments Schools Forum may have, an amendment to one of the eligibility criteria of the above procedures to be applied in assessing whether a school applying to access such funding meets the eligibility criteria.

**Background**

The original strict criteria remain unchanged. The purpose of this amendment is ensuring best use of funds.

This procedure is being revised to clarify the funding that will be available to ensure that the limited resources are used where needed most, that is are not distributed to schools who can afford the additional costs through their retained or predicted in year surpluses.

**Criteria to be amended**

The criteria to be refined is recorded below:

Schools must be able to demonstrate that they are unable to fund the request themselves. Where the school is maintained reference will be made to the school budget plan, where the school is an academy evidence such as system management accounts showing the projected outturn position and reserves position will be required as a minimum.

This criteria as it is currently worded allows for a great seal of subjectivity which it is felt could be subject to challenge. Officers propose therefore that as a general guide where reserves are in excess of say 10% then this sum should be offset the requested or calculated sum.

**Recommendation**

We would request Schools Forum to approve the above amendment to one of the eligibility criteria for both the falling rolls fund and the growth fund.

Contact Officer: David Kirven - Service Finance Manager – Partnering