

Schools Forum – 9 November 2023

School Budget 2024-25: De-delegation, Central Expenditure & Education Functions

Executive Summary

- This report asks for approval from Schools Forum for the Local Authority (LA) to retain DSG funding to deliver services on behalf of schools and Early Years.
- The budget areas proposed for de-delegation for 2024-25 are the same as those in previous years.
- Funding for Historic Commitments has been reduced by a further 20% from 2023/24
- As in previous years, the LA is proposing to use growth funding to help fund the National Funding Formula and make payments as per the growth fund policy. Any underspend will contribute towards repayment of the DSG deficit as per the Deficit Management Plan
- The LA is asking for £2.2m of Early Years funding to be retained centrally.
- The LA will consult with Schools Forum in January 2024 on a new 2 year old and under rate formula for 24/25 and beyond.
- The LA is asking for approval of a provisional levy of £57.87 per pupil from maintained schools to fund Education Functions previously funded by the Education Services Grant.

Recommendations

1. That the Schools Forum members from maintained schools only, vote on each de-delegated budget heading on behalf of the schools they represent.
2. That the Schools Forum approve the indicative allocations for both historic commitments and ongoing functions within the Central School Services Block be retained centrally for this purpose.
3. That the Schools Forum approve the continued use of the formula driven Growth Funding allocation.
4. That the Schools Forum approve £2.2m of Early Years funding to be retained centrally.

5. That the Schools Forum members from maintained schools only, approve a levy per pupil in 2024-25 to fund statutory duties performed by the Local Authority and previously funded by the Education Services Grant.

Report of the County Treasurer

PART A

Why is it coming here – what decision is required?

6. The Schools Forum has oversight of the Schools Budget and is required by the Finance Regulations to annually approve central expenditure (ongoing and historic commitments)
7. Maintained school members only are required annually to:
 - Vote on each de-delegated budget heading by phase
 - Approve a levy per pupil to fund duties performed by the Local Authority and previously funded by the ESG general duties rate.
8. If the Local Authority and Schools Forum are unable to reach consensus on the amount to be retained by the Local Authority for services previously funded by the ESG general duties rate, the matter will need to be referred to the Secretary of State.

PART B

Background

9. For 2024-25 DSG allocations to Local Authorities will again be made using the National Funding Formula. The DfE recently republished provisional NFF allocations due to an error in the initial calculations. Funding rates used within the NFF have reduced by approximately 1%. At this stage in the year individual schools have not received their budgets for 2024/25 which are subject to local school forum decisions taken today and census data published in December. The lowest permissible Minimum Funding Guarantee (MFG) remains at 0% and schools continue to be advised by Entrust to use this in their budget planning.
10. Final DSG allocations will not be known until December, and Local Authorities need to submit school budgets to the ESFA by 22 January. This timescale means decisions on the budget areas in this report need to be

made at this time to enable schools and services time to plan for their budgets and responsibilities for 2024-25.

De-delegation

11. Under the national funding arrangements, the government wants schools to have the opportunity to have as much funding and responsibility delegated to them as possible. Each year the Schools Forum representatives for maintained primary and secondary schools are required to vote on behalf of the schools they represent to determine whether or not a range of costs currently met centrally will transfer to maintained schools for them to manage themselves. The budget for these costs would also transfer to schools on a formula basis.
12. The maintained schools' members vote by phase on any areas proposed for de-delegation by the local authority and the outcome of that vote is binding for all maintained schools within the phase.
13. Academies are not part of these arrangements since these responsibilities and the funding for them are automatically delegated to academies through the ESFA use of the local funding formula.
14. The budget areas de-delegated last year following the equivalent vote are set out in the table below. Insurances are now provided by the DfE's Risk Protection Arrangement (RPA). Budget values are estimated for all primary and secondary schools (i.e. including academies) to provide the context of values involved. Actual figures for 2024-25 will be finalised over the next few months as the settlement and school census become available.
15. The staff costs for union duties budget (pooled facilities time funding) is detailed further in a separate paper on the agenda.
16. Supplementary information on the impact of delegation of each area is included in Appendix 1. The authority proposes that these areas are subject to the de-delegated vote for 2024-25.

Areas proposed for de-delegation for 2024-25:

Budget Area	Primary £m	Secondary (including middle) £m
Insurances (mainly premises related provided by RPA)	1.454	1.165
Staff costs (Maternity Pay)	1.294	1.190
Staff costs (Union Duties)	0.157	0.071
School Specific Contingency	0.391	0.195
Support for ethnic minority pupils or under-achieving groups	1.014	0.366
Licences and Subscriptions	0.593	0.285
Behaviour Support Services	0.610	Delegated
FSM eligibility	0.064	0.033

Do maintained Forum members agree for these budget areas to be de-delegated for 2024-25?

Central School Services Block

17. There are some areas of central expenditure which need to be considered by the Schools Forum.
18. Funding in the Central School Services Block is split into Historic Commitments and Ongoing Functions.

Historic Commitments

19. For historic commitments the following rules apply:
 - a. The budget cannot exceed the value agreed in the previous funding period
 - b. The expenditure against these budgets must be as a result of arrangements that already existed before 1 April 2013
 - c. The Schools Forum must approve the amount of the budget set for each heading
20. Historic commitments funding has again been reduced by 20% compared to 2023-24. The expected allocation for historic commitments for Staffordshire for 2024-25 is £1.045m

21. The only heading under which Staffordshire retains funding for historic commitments is prudential borrowing. The indicative budget for 2024-25 is £924,130. Any remaining historic commitment funding will contribute towards the DSG deficit.
22. School Forum approval is also required for the SEN transport budget of £250,140. This is now funded from the High Needs Block.

Does the Schools Forum approve the use of the Historic Commitments funding and the SEN Transport budget as set out above?

Ongoing Functions

23. Ongoing Education Functions are funded by a combination of council tax and DSG. There is an annual liability for Teachers Pensions Added Years of c.£8.1m which is funded by council tax.
24. The estimated cost for other ongoing education functions for 2024-25 is £4.1m. These functions are funded by DSG through the Central Schools Services Block (CSSB). Any underspend on the CSSB will be used to contribute towards the DSG deficit.
25. These functions are provided to all schools and are listed in the table in Appendix 2.

Do Schools Forum members approve the ongoing functions allocation in the Central Schools Services Block be used to fund these services?

Growth and Falling Rolls Funding

26. Included within the Schools Block allocation is an amount for growth funding, which since 2019-20 has been formula driven. The formula allocates growth funding based on the differences between the primary and secondary numbers on roll in Middle Super Output Areas (MSOA) in the local authority between the October 2022 and October 2023 school censuses. This will fluctuate from year to year and is difficult to estimate.
27. Latest estimates of number on roll indicate the growth funding allocation for 2024-25 will be around £3.3m. The actual allocation will not be announced until December.

28. As in previous years it is proposed that the growth funding allocation is used to fund pupil growth in the National Funding Formula (approx. £1.3m in 2023-24), and allocations as per the Growth Fund policy (approx. £1m). Any underspend in growth funding will be used to contribute towards repayment of the DSG deficit as detailed in the Deficit Management Plan.
29. For the first time in 2024-25 the government is introducing funding for falling rolls. Funding will be allocated to Local Authorities where numbers on roll in Middle Super Output Areas (MSOA) have fallen by more than 10% between the October 22 and October 23 censuses.
30. Latest estimates of numbers on roll in Staffordshire indicate that we do not have any areas where numbers on roll are falling by 10% and therefore, we do not expect to receive any falling rolls funding for 2024/25.

Does the Schools Forum approve the continuing use of the Growth Funding allocation as set out above?

Central Early Years Expenditure

31. The requirement here is for the Schools Forum to approve the central expenditure. This is not the expenditure provided to settings for their running costs in providing the free entitlement for under two, two and three and four year olds but is in respect of support services for providers of early years education.
32. Following the introduction of the Early Years Funding Formula, central overheads were previously limited to 5% of the Early Years Block Funding for 3 and 4 year olds. With the extension of eligibility entitlements in 2024-25, (15 hours for all 2 year olds from April 2024 and 15 hours for 9 months and over from September 2024) the 5% limit has now been expanded to cover all thresholds to allow local authorities to retain more funding to cover the central costs of the new expanded service. For 2024-25, the authority is asking for £2.2m to be retained centrally.
33. The growth of the eligibility entitlements makes estimating funding uncertain as demand is unknown. Based on the Government's current forecast of take up, the authority's ask of £2.2m (which equates to 2.4% of eligible funding) is considerably below the allowable funding of 5%. It is likely that the ask for future years Early Years centrally retained funding will increase as the eligibility entitlements continue to expand. However, we anticipate any centrally retained funding to be well within the Government's thresholds. It is the Government's intention in time to bring the allowable threshold down to 3% as entitlements increase.

34. The £2.2m funds Statutory functions, along with Back office administration and overheads. The breakdown of costs between these activities is shown below:

	£'000
Early Years Team	1,858
NEF Team, System, Finance and General Overhead Support	363
Total cost of SCC overheads	2,221

35. SCC will provide the following statutory functions, for all age ranges, including the expanded entitlements for 2 year olds and the new under 2 year old entitlement:

- a. Collection and Submission of Early Years Foundation Stage (EYFS) profile data.
- b. Quality Liaison: Under S13 of the Childcare Act 2006, LA's are required to provide information, advice and training to providers.
- c. Business support and market development: Under Section 6 of the Childcare Act 2006, LA's have a duty to secure sufficient childcare for working parents and Section 7 sets out a duty to secure early years provision free of charge. This element of the SDA is a vital function to ensure sector capacity and sustainability across the county.

36. In back office administration terms, the allocation funds a team to undertake transactions, financial processes, auditing and managing queries so all providers receive prompt payment.

37. The allocation also funds management capacity, sufficiency analysis, the provider portal and database, oversight of eligibility checking for funded places, compliance and Information, Advice and Guidance for providers, parents and professionals in accordance with the Statutory Guidance for Early Education and Childcare.

38. The Overheads cover the cost of general support to the back office administration. General support includes costs of ICT, Property, Legal, Web Team and the Customer Service Centre

39. The new 2 Year old rate and 9 months and older rate will now be subject to the same Government formula requirements as the 3 and 4 Year Old rate,

including a mandatory deprivation supplement and other factors such as an element of centrally retained funding. Staffordshire intends to run a 4-week consultation with Early Year providers on high level principles for setting the 2 year old and under rates for 2024/25 and beyond. This consultation will start on Monday 13th November and close on Friday 8th December. A paper consulting on the views of Schools Forum will go to January's Forum, which will include the results of the consultation with Early Years providers.

Does the Schools Forum approve the proposed level of central support services for early years' provision?

Education Functions for Maintained Schools Only

40. The functions provided to maintained schools only are listed in Appendix 3, along with the levy per pupil that will be required to fund each of these services.
41. If maintained school members do not agree to the levy required for any of the services listed, the funding and associated responsibilities for providing this service will be delegated to schools.

Do maintained Schools Forum members agree to the levies per pupil presented in Appendix 3 to fund the costs of the associated services?

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