

Schools Forum – 3rd October 2017

School Budget 2018-19: De-delegation, Central Expenditure & Education Functions

Recommendation

1. Maintained schools members vote on each de-delegated budget heading on behalf of the schools they represent.
2. That the Schools Forum approve the indicative central expenditure budget amounts set out below.
3. That the Schools Forum approve the amount included in the Central Schools block to fund services previously funded by the ESG retained duties rate be retained centrally for this purpose.
4. That the Schools Forum members from maintained schools only, approve a levy per pupil in 2018-19 to fund statutory duties performed by the Local Authority and previously funded by the ESG general duties rate.
5. A decision in principle on these four issues is agreed for 2019-20 in order to assist with budget and service planning.

Report of the Director of Finance and Resources

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 budgets
 - The amount of funding to be retained centrally to fund services previously funded by the ESG retained duties.
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 2018-19 DSG allocations to Local Authorities will be made using the new National Funding Formula. DSG allocations will not be known until December, and Local Authorities need to submit school budgets to the EFA by 19 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 2018-19.

De-delegation

10. 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.
11. 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.
12. Academies are not part of these arrangements since these responsibilities and the funding for them are automatically delegated to academies through the EFA use of the local funding formula.
13. The budgets de-delegated last year following the equivalent vote are set out in the table below. The values are 2017-18 budget levels for all primary and secondary schools (i.e. including academies) to provide the context of values involved. Actual figures for 2018-19 are not yet known and will be finalised over the next few months as the settlement and school census become available. 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 2018-19.

Areas proposed for de-delegation for 2018-19

Budget Area	Primary	Secondary (including middle)
	£m	£m
Insurances (mainly premises related)	1.834	2.479
Staff costs (Maternity Pay)	1.189	1.010
Staff costs (Union Duties)	0.142	0.060
School Specific Contingency	0.390	0.185
Support for ethnic minority pupils or under-achieving groups	0.877	0.319
Licences and Subscriptions	0.505	0.205
Behaviour Support Services	0.529	Delegated
FSM eligibility	0.028	0.016

14. The possibility of de-delegating School Improvement Funding is included in the previous report and summarised at paragraph 18 below.

Do maintained Forum members agree for these budget areas to be de-delegated for 2018-19?

Central Expenditure

15. There are some areas of central expenditure which need to be considered by the Schools Forum and the draft Finance Regulations set out the requirements for approvals/consultation. It should be noted that final regulations have not yet been issued, so in the event that final regulations are different, the content of this report may need to change as a result.

Part 1- Central Services

16. There are a number of headings within this part of the regulations to which the following rules apply:
- a. The level of expenditure cannot be increased above 2017-18 levels
 - b. The expenditure against these budgets must be as a result of arrangements that already existed before 1 April 2013 – Historical commitment
 - c. The Schools Forum must approve the amount of the budget set for each heading

17. The headings under which Staffordshire currently retains funding to spend centrally are set out in the table below, together with indicative 2018-19 budget levels.

	2017-18	2018-19 indicative £
Admissions & appeals	786,050	786,050
Maintenance and servicing of Schools Forum	11,780	11,780
Prudential borrowing	924,130	924,130
Combined Services		
Families First - Targeted Services (LST)	1,448,000	1,448,000
Entrust - – Contribution to School Improvement Division Service Delivery Agreement.	818,250	discussed separately
SEN transport	250,140	250,140
	4,238,350	3,420,100

Does the Schools Forum approve the continued funding of these areas centrally at no higher than the indicative amounts, with final values to be confirmed at the March meeting?

18. The options for funding school improvement have been discussed in the previous agenda item. The options are:

Option 1 – Reduce central expenditure for Schools Improvement to circa £400,000

Option 2- Devolve School Improvement funding and maintained schools de- delegate this budget to the Authority at approx. £7.56 per pupil

Option 3 - Devolve School Improvement funding and associated responsibilities to schools

19. The decision taken by Forum members will affect the amount of funding retained under central expenditure and the amount of funding de-delegated presented in the tables above.

Does the Schools Forum approve Option 1, 2 or 3 from the list above?

Part 2 – Central Schools Expenditure

20. Staffordshire does not retain significant amounts of funding under these headings, to which the following rules apply:

- a. The Schools Forum must approve the amounts of funding to be retained centrally

- b. For the pupil growth fund and infant class size funding any underspend from the previous year must be added to the ISB
- c. For the pupil growth fund, falling roll fund and new school fund the Schools Forum must approve the criteria used and be consulted before expenditure is incurred

	2017-18 £	2018-19 indicative £
Infant Class Size	95,000	95,000
Significant Pupil Growth / New school funding	500,000	500,000
Falling rolls fund	n/a	n/a
	595,000	595,000

Does the Schools Forum approve the continuing use of the pupil growth and class size funds, at the indicative levels set out above?

Part 3 – Central Early Years Expenditure

21. 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 two, three and four year olds but is in respect of support services for providers of early years education.**
22. The 2017-18 central early years expenditure was limited to 7% following the introduction of the Early Years Funding Formula. The requirement is for central overheads to be limited to 5% of the Early Years Block Funding in 2018-19. The 5% is anticipated to be £2,055,964, a reduction of c. £500k, or 20% from 2017/18's central allocation.

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

Education Functions

23. Central Services to education are funded by a combination of council tax and DSG. The Teachers Pensions Added Years has been funded through Council Tax. This is an annual liability of c.£7.1m. The County Council will continue to fund this in 2018-19.
24. The functions provided to all schools and previously funded by the retained duties ESG rate are listed in the table in Appendix 2, along with an estimate of the total funding to be added into the central schools block for retained duties.

Do Schools Forum members approve the allocation in the central schools block for retained duties be used to fund these services?

25. The functions provided to maintained schools only and previously funded by the general duties ESG rate are listed in Appendix 3, along with the levy per pupil that will be required to fund each of these services.
26. 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?

27. Three options are presented for non statutory education welfare. These have been discussed in a previous agenda item.

Do maintained Schools Forum members agree to option 1, 2, 3 or 4?

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Further Information on Areas Affected by the Schools Forum Vote on De-delegation

Maintained Primary and Secondary Schools Only

Background

1. The arrangements set out in this note apply to **maintained primary and secondary schools only**.
2. Under the national funding arrangements the government want schools to have the opportunity to have as much funding and responsibility delegated to them as possible. Each year Schools Forum representative is required to vote to determine whether or not a range of costs currently met centrally will transfer to schools for you to manage yourselves. The budget for these costs would also transfer to schools on a formula basis.
3. The vote is taken by maintained schools representatives only, as academies automatically have the funding and responsibilities for these areas. The vote is binding by phase – so for example if primary school representatives voted for the budget for one of the headings to be delegated then it must be delegated for all primary schools.
4. This note sets out some further information on the affected areas. Budget values are indicative and represent the total for primary and secondary schools, including academies at 2017-18 levels.

Insurance (£4.313m)

5. Insurance Services currently provide a range of insurances that are funded centrally from within the Schools' budget. Insurance types include:
 - Material Damage
 - Business Interruption
 - Employers Liability
 - Public Liability
 - Hirers Liability
 - Terrorism
 - Fidelity Guarantee
 - Money
 - Personal Accident
 - Engineering Inspection charges
6. If this area is delegated, schools will have a choice to purchase their insurance cover from the County Council, or seek an alternative arrangement from another provider. The County Council will only offer a full package of insurance, i.e. all of those included in paragraph 5, with no option to 'pick and choose' certain types of cover.
7. Schools would be required to ensure that any external arrangements meet the authority's minimum standards of cover, which are appended to this document. The County Council would also need to assure itself that the cover was compliant. A small administrative fee will therefore be charged to any school opting to insure with another provider.
8. Most providers would offer cover over a long term arrangement, say 3 or 5 years. Insurers will normally offer a discount for long term arrangements. Agreements over

longer periods would mean that for most schools a full tender procedure would have to be carried out in order to be compliant with schools procurement regulations. The County Council's current policy runs until the end of April 2018, and therefore, if schools opt for delegation they would need to commence a procurement exercise in good time to ensure that cover was in place by 1st May 2018.

9. Under a delegated arrangement wherever schools purchase their cover from, including the County Council, the premium rates would normally include up to 5 years claims history for each individual school.
10. It is likely that the cost of insurance would be higher if procured at individual school level due to loss of economies of scale and the requirement for a lower level of excess (the authority currently insures the first £250,000 excess which keeps the overall premium down).
11. Clearly, any excesses would be paid from a school's delegated budget. At present, only excesses in relation to Balance of Risks claims are met directly by schools.
12. Finally, under a delegated arrangement, schools will need to carry out their own insurance administration, e.g. provide annual renewal information, claims handling and resolving insurance queries.

Maternity pay (£2.199m)

13. At present, episodes of maternity leave for school teachers are funded centrally from the schools' budget. An individual school therefore need only consider how they replace the teacher on maternity leave. Costs are recorded at individual school level.
14. This is an unpredictable budget and under a delegated arrangement schools would be responsible for meeting all the costs associated with an episode of maternity leave.
15. The impact of this may be greater for smaller schools where one staff member comprises a larger proportion of the workforce and the potential cost of maternity pay. Schools should also consider the possibility of there being multiple maternity episodes within the same year.
16. In the event that this particular item was delegated schools may wish to consider schemes from other providers which offer an insurance arrangement.

Union duties (£0.202m)

17. Following the report to Schools Forum in October 2015, from 2017/18 80% of the fund will cover the following five professional teaching associations:
 - a. Association of School and College Leaders (ASCL)
 - b. Association of Teachers and Lecturers (ATL)
 - c. National Association of Head teachers (NAHT)
 - d. National Union of Teachers (NUT)
 - e. National Association of Schoolmasters Union of Women Teachers (NASUWT)
 - f. ??

The remaining 20% of the fund will support the Green Book Support Staff Trade Unions.

18. The budget provides funding to enable association representatives to work with the Local Authority on developing policy and related matters. It also provides for

Association representatives to support individual colleagues in disputes or other employee related matters.

School Specific Contingencies (£0.575m)

19. This budget provides a safety net where unanticipated and significant costs occur, which it would not be reasonable for the school to meet. At present staff suspensions are covered from this budget, as are significant teacher pension arrears which can run to several thousand pounds. Other examples could include where a school has been presented with a significant utility bill or emergency premises works.
20. Under a delegated arrangement, individual schools would be responsible for meeting the full cost of such events. The impact of this is likely to be greater for smaller schools.

Support for ethnic minority pupils or under-achieving groups (£1.196m)

21. This budget covers both the funding devolved to individual schools through the locally agreed formula, which is the majority of the funding, and the MEAS team. Under a delegated arrangement the services currently provided to schools through the MEAS team would have to be offered on a traded basis, where charges to individual schools reflected the actual cost of delivery to that individual school. The funding currently devolved to schools through the local formula would also cease. Instead schools would receive a formula allocation using the government permitted formula basis which would not target resources in the same way.
22. The government framework allows a maximum period of targeting resources to EAL pupils of their first three years within the English school system. However, it often takes pupils much longer than this to acquire the academic language needed for success in national tests and assessments. The locally agreed formula uses a different basis to allocate funding to schools and takes account of under-achieving groups as well as EAL pupils, as not all EAL pupils attain lower than the indigenous population. In this way it targets funding at under-achieving groups much more closely than the national framework would allow.
23. Whilst the number of EAL pupils currently in Staffordshire secondary schools is relatively low the number is increasing rapidly in the lower age groups and without sufficient support these pupils are likely to arrive at secondary schools behind their white British peers.
24. In the event of delegation the funding currently allocated to individual schools would not be automatically protected through the MFG since it is outside the delegated budget.

Licences and Subscriptions (£0.710m)

25. A number of licences are currently funded centrally on behalf of schools. These include:
 - a. Consortium of Local Education Authorities for the Provision of Science Equipment (CLEAPSS) Subscription
 - b. SAP licences
 - c. SIMS annual maintenance charge

26. The County Council currently benefits from bulk-purchasing and real costs for individual schools are likely to be higher because of the additional administrative burden placed on both the licensing agency and schools.
27. Schools could incur penalties directly if they failed to renew their licences.

Behaviour Support Services (BSS) (Primary phase schools only, £0.507m, already delegated for secondary schools including middles)

28. Schools need to consider the time, resources and expertise required to undertake behaviour support type interventions directly. In addition, the BSS brings the objectivity of a team not directly employed by the school. De-delegation ensures that early intervention is not neglected. If schools/settings have unlimited, universal access to support and advice, they are more likely to request it at an early stage, therefore having a greater impact and reducing the likelihood of difficulties escalating.
29. The current BSS team consists of specialist qualified staff providing high standards of service. They are able to meet the needs of a large County despite relatively low staffing levels. There is a risk that access to specialist staff will be lost if the service is delegated or schools choose to manage their own risk.
30. Meeting the needs of all vulnerable children and young people in a community requires schools not only to be effective individually, but also to collectively consider needs and resources across an area to ensure that vulnerable children or young people have a school place that meets their needs, including taking collective responsibility for the education of children at risk of exclusion or permanently excluded pupils.
31. The Behaviour Support funding may already have been allocated when pupils are permanently excluded from one school but then placed in another school.
32. There is also the risk of delay in securing support leading to an escalation of the difficulties and making successful remediation more difficult, lengthy and expensive (both monetarily and in terms of educational outcomes for pupils).

Assessment of eligibility for Free School Meals (£0.044m)

33. Under delegation schools would either have to carry out all free school meals entitlement checking tasks themselves at a greater administrative burden, or buy into a Service Level Agreement with the Staffordshire Free School Meals Entitlement Checking Service.
34. Schools who do not buy into the SLA no longer have access for their parents to make applications through our online process which gives an instant yes or no response. Schools would need to confirm initial and ongoing entitlement either by checking paper proof or by buying into an external service, and manage all contact with parents to resolve any issues. For schools who buy into the service all such queries and contact are handling by the FSM Entitlement Checking Service, and schools have access to reports regarding live claims, claims added or claims ended at a time to suit them, via a web based reporting system.
35. We have recently introduced a new report which identifies which pupils due to start in Reception year have received early years pupil premium. Schools can then target those pupils to encourage parents to sign up for income assessed free school meals

(as they are likely to meet the entitlement criteria) and so help to raise pupil premium rates. We are also developing our online application system to automatically recheck for a period of time those returned as 'not entitled' to see if they become entitled, to help increase the free school meal claim numbers and so the pupil premium rates. This additional function should be available by the spring term of 2018.

ESG Duties

Appendix 2

Responsibilities Local Authorities hold for all schools

	2017/18 Amount (£)	2018/19 Amount (£)
Statutory & Regulatory Duties		
Director of Children's Services and personal staff for Director (Sch 1, 20a)	99,470	99,470
Planning for the education service as a whole (Sch 1, 20b)	318,077	318,077
Revenue budget preparation , preparation o information on income & expenditure relating to education, and external audit relating to education (sch1, 20d)		
Administration of grants (sch 1, 20e)	420,018	420,018
Authorisation and monitoring of expenditure not met from schools' budget shares (sch1, 20fi)		
Formulation and review of local authority schools funding formula (sch 1, 20g)		
Internal Audit and other tasks related to the authority's chief finance officer's responsibilities under section 151 of LGA 1972 except duties specifically related to maintained schools (Sch1, 2i)	50,000	50,000
Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)	9,000	9,000
Total Statutory & Regulatory Duties	896,564	896,564

Education Welfare		
Statutory Education Welfare activities	486,500	486,500
Total Education Welfare	486,500	486,500

Asset Management		
General landlord duties for all buildings owned by the local authority, including those leased to academies.e.g. checking that statutory compliance testing has been completed annually	101,866	101,866
Total Asset Management	101,866	101,866

Overheads		
Legal Services related to education functions (sch1, 20u)	227,000	227,000
HR Overheads	63,155	63,155
Total Overheads	290,155	290,155

Total Retained Duties	1,775,085	1,775,085
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Total amount included within Central Schools Block for ESG retained duties	1,768,917	1,768,917
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Responsibilities Local Authorities hold for Maintained Schools

	2018/19 Amount (£)	Amount per pupil based on Oct 16 Census (£)
Regulatory Duties		
Functions related to local government pensions and administration of teacher's pensions in relation to staff working at maintained schools under the direct management of the head teacher or governing body (Sch 1, 20m) Transaction costs of administering compensation benefits	45,000	0.90
Compliance with duties under Health & Safety at Work Act (Sch 1, 20s)	35,880	0.72
Establish and maintaining computer systems including data storage (Sch1, 22)	200,000	3.99
Appointment of governors (Sch1, 26)	50,000	1.00
Total Regulatory	330,880	6.61

Asset Management		
Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch1, 10a)	146,896	2.93

Monitoring national curriculum assessment		
Statutory Monitoring of national curriculum assessments (Sch 1, 23)	196,144	3.92

Asset Management		
Statutory landlord duties for all maintained schools (Sch 1, 10a (section 542 (2) Education Act 1996; School Premises Regulations 2012) including compliance testing for water, gas, electricity and asbestos. This budget was previously held centrally but was delegated to schools at December 2016 Schools Forum	1,307,989	26.12

Premature retirement and redundancy		
Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch1, 25) This budget was previously held centrally to meet 30% of redundancy costs but was delegated to schools at the December 2016 Schools Forum	670,000	13.38

Total General Duties excluding education welfare	2,651,909	52.95
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Education Welfare - non-statutory		
Option 1	890,000	17.77
Option 2	695,000	13.88
Option 3	200,000	3.99