



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

**Committee:
Schools Forum**

Date: Thursday, 19 January 2017

Time: 8.30 am

**Venue: Shrewsbury Training and Development Centre, Racecourse Crescent,
Monkmoor, Shrewsbury, SY2 5BP**

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Head of Legal and Democratic Services (Monitoring Officer)

Members of Schools Forum

Bill Dowell (Chair)
Phil Adams
Nicholas Bardsley
Michael Barrett
Christine Hargest
John Hitchings
Sandra Holloway
Colin Hopkins
Pete Johnstone

Alan Parkhurst
Geoff Pettengell
Kay Redknap
Geoff Renwick
Mark Rogers
Philip Sell
Joy Tetsill
Ruth Thomas

Your Committee Officer is:

Philip Wilson Service Manager Business Support People

Tel: 01743 254344

Email: phil.wilson@shropshire.gov.uk

AGENDA

- 1 Agenda**

- 2 Minutes and Matters Arising (Pages 1 - 4)**

- 3 School Revenue Funding 2017 to 2018 (Phil Wilson) (Pages 5 - 34)**

- 4 Early Years National Funding Consultation (Neville Ward) Paper C (Pages 35 - 44)**

- 5 'Lord Hill' Event - Wednesday 8 February 2017**

- 6 Communications**

- 7 Next Meeting: An additional meeting of Schools Forum has been diaried for Thursday 2 February 2017**

Future Meetings (please diary):

2 February 2017, 8.30 am, STDC, Monkmoor
23 March 2017, 8.30 am, STDC, Monkmoor
8 June 2017, 8.30 am, STDC, Monkmoor



Schools Forum
Date: 19 January 2017
Time: 8.30 am
Venue: STDC, Monkmoor, Shrewsbury

Item/Paper
A
Public

MINUTES OF SCHOOLS FORUM HELD ON 23 NOVEMBER 2016

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
John Eglin – Primary Headteacher
Jean Evanson – Association of Secretaries
Meryl Green – 16-19 Representative
John Hitchings – SSGC
Sabrina Hobbs – Special/Academy Headteacher
Shelly Hurdley – Early Years Representative
Alan Parkhurst – Primary Headteacher
Geoff Pettengell – Academy Headteacher
Mark Rogers – Primary Headteacher
Ruth Thomas – 16 -19 Representative

Members

Cllr David Minnery
Cllr Nick Bardsley

Officers

Phil Wilson
Julia Dean
Gwyneth Evans
Neville Ward
Ros Bridges
Stephen Waters
Jo Jones
Helen Woodbridge (Minutes)

1. Apologies

Apologies had been received from Karen Bradshaw, Pete Johnstone, Deb Mills, Phil Poulton, Gareth Proffitt, Geoff Renwick and Joy Tetsill.

Apologies were also received from two observers: Hannah Fraser and Roger Evans.

The chair welcomed Shelly Hurdley as the new early years representative and she introduced herself.

The chair advised that Joy Tetsill will no longer be a school governor and is therefore stepping down from Schools Forum – he asked that a letter of thanks be sent to her.

ACTION

PW

2. Minutes and Matters Arising (Paper A)

The minutes were agreed as a true record.

Gwyneth Evans confirmed that a funding briefing had been sent out to schools. Neville Ward was pleased that several Schools Forum members had agreed to join a working group to consider the Government's early years national funding proposals. They will meet when information becomes available.

Phil Wilson advised that he is working with other officers on the academy conversion recoupment costs. It has already been established that these are in excess of £5,000. He will be corresponding with schools and is also keeping dialogue open with the DfE in case there are alternative/additional funding streams.

The chair confirmed that he had met with David Minnery, Karen Bradshaw and Nick Bardsley to discuss the Early Help and High Needs issues. A new Head of Early

Help, Partnerships & Commissioning (Children's Social Care) is being appointed today who will be the lead officer on Early Help. Mark Rogers was surprised that a permanent appointment was being made when funds are scarce. He was advised that the funding for this post is not from schools and the post's responsibilities are wider than just Early Help.

3. De-delegation 2017-18 (Paper B)

Gwyneth Evans went through the report and Schools Forum considered each budget heading separately.

Contingencies – 10% growth

Headteachers asked whether this was Shropshire children moving or children who were incoming to county. Phil Wilson and Gwyneth Evans agreed to analyse this. John Hitchings commented on the disparity. Gwyneth Evans explained the variations eg an extra class may be needed in some schools but not others. Mark Rogers pointed out that some of this is healthy reorganisation with empty school places being filled.

PW/GE

John Eglin wondered why more accurate predictions could not be made. Phil Wilson agreed to carry out some more analysis to ascertain if they could be made more accurate. He added that parental choice has an effect.

PW

Mark Rogers did not think an alternative percentage should be considered unless the NOR was also considered.

John Hitchings saw this as a cushion to protect schools.

School representatives approved the de-delegation at £17.78 per pupil.

Maternity cover

School representatives approved the de-delegation at £20.93 per pupil.

Insurance

School representatives approved the de-delegation at £0.94 per pupil at primary and £1.26 at secondary.

Trade Union duties

Jean Evanson talked through her report pointing out the advantages of retaining local representation.

Mark Rogers was concerned to establish if maintained schools are subsidising those academies who do not contribute.

Phil Wilson confirmed that some academies have bought in.

John Eglin suggested an SLA arrangement for academies.

Jean Evanson confirmed that services would not be available for academies who do not buy in.

School representatives approved the de-delegation at £1.82 per pupil at primary and £2.95 at secondary.

FSM/Public duties/Library and museum services

School representatives agreed not to de-delegate these items.

Phil Wilson undertook to advise absent secondary school representatives of these decisions.

PW

4. School Funding 2017-18 (Paper C)

Gwyneth Evans went through the report.

Due to recent new information, recommendation iii. was considered first.

Schools Forum unanimously voted in favour of applying to disapply the MFG for 2017-18 for one Shropshire school with a significant increase in number on

roll.

A statement from Government on 22 November had confirmed that there would be no extra funding in 2017-18 for schools (although the £10 million extra awarded last year would continue).

Phil Adams urged local members to continue to make the case for increased funding to national politicians.

The chair spoke of the need to continue ways of sustaining an effective education network – he suspected that some schools are still in denial.

Phil Adams echoed this need and regretted that the ability to reduce the number of schools had been taken away.

Phil Wilson confirmed that part of the MAT agenda is to achieve efficiencies.

Nick Bardsley said that although the pressure to convert to academy appears to have reduced, there remain demographic pressures.

John Hitchings reported back from an NGA conference where Sir David Carter had advised of a sea-change in the academies drive due to Brexit, indicating that maintained schools may remain so for many years.

John Hutchings also expressed a concern that the NFFF may not materialise.

Ruth Thomas agreed to circulate the notes from a recent Sir David Carter presentation (these were circulated on 25 November 2016).

RT/HW

ESG

The chair suggested that there is a lot of media noise around this and the f40 group are particularly active. However, there is confusion.

2017-18 LA responsibilities are not yet clear – DfE are anticipating that schools will pay for services. They are talking about the three Cs – change service, cease service or charge for service.

It was agreed that a working group should be set up and meet before the end of term and early next term.

Mark Rogers asked about the £77 to establish if it would also be taken from academies.

Gwyneth Evans advised that it is unclear regarding the transitional situation.

Phil Wilson advised that there would be a £2 million hit on the budget in September.

Mark Rogers asked what the options would be – DSG?

Gwyneth Evans suggested top slicing (not de-delegation) or SLA.

The chair suggested that the discussion is straying into the work of the working group which would start by looking at the statutory responsibilities and then work into the detail.

It was agreed that the first meeting of the working group would be set up for 6 or 7 December 2016 (subsequently confirmed for 6 December). Volunteers for the group were Mark Rogers, John Hitchings, Nick Bardsley and the chair. It was agreed that Pete Johnstone would be invited to represent secondary school interests.

PW

5. High Needs and Early Help Task and Finish Groups (Paper D)

Phil Wilson advised that there will be a further meeting of this group and then a final report will come to the meeting on 19 January 2017, (the meeting was subsequently arranged for 6 January 2017).

John Hitchings advised of the issues between the different bodies. Clarity is required and this is being pursued by the groups.

Phil Wilson confirmed that the £600k will be monitored through Stephen Water's regular DSG monitoring reports.

Mark Rogers sought clarification on whether this is for maintained schools and academies. It was agreed that it was for both.

Mark Rogers suggested that whether funds affect maintained schools and/or academies should be made clear in future papers.

PW

Sabrina Hobbs advised that the groups are taking time to consider matters as there needs to be wider choice than either a service or no service.
The chair summarised by confirming that more transparency is being strived for.

6. Apprenticeship Levy

Stephen Waters went through the paper.

Phil Wilson advised that HR are taking a lead on this and that further information is awaited from the relevant Government department. A more detailed paper will be brought to Schools Forum.

Hannah Fraser (although absent) had asked that her concerns re detail/adverse affect on schools were noted.

7. Dedicated School Grant Monitoring (Paper G)

Steven Waters went through the paper.

John Eglin asked if the centrally retained funding is a 'top-slice'.

Gwyneth Evans confirmed that it was centrally held and not delegated to maintained schools or academies.

The chair thanked Stephen Waters for the high quality of his paper. He felt that the detail enables questions to be asked.

Phil Wilson suggested that the contribution to combined budgets is revisited as part of the ESG Working Group.

Schools Forum agreed the 2017-18 centrally retained budgets.

8. Communications

It was confirmed that meetings between members and MPs are ongoing.

There was no further discussion regarding communications.

9. Next meeting

The next meeting will be held on Thursday 19 January 2017

The meeting closed at 10.45 am.

Future meetings (please diary):

23 March 2017	8.30 am	STDC, Monkmoor
8 June 2017	8.30 am	STDC, Monkmoor



Schools Forum

Date: 19 January 2017

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

School Revenue Funding 2017 to 2018

Responsible Officer Phil Wilson

e-mail: phil.wilson@shropshire.gov.uk

Tel: 01743 254865

Fax: 01743 254538

Summary

Schools Forum received a report on 24 November 2016 on changes to the Education Services Grant (ESG) funding, as first highlighted in the Government's 2015 Spending Review announcement on their intention to achieve a saving of £600 million from the removal of ESG general rate funding to local authorities and academies by 2019-2020.

A Task & Finish Group was established to consider the detail in the Government announcements on school revenue funding for 2017 to 2018. The group would seek to determine the amount of Dedicated Schools Grant (DSG) to be retained centrally in 2017-18 for the statutory duties required to provide continued support to maintained schools, previously funded through general duties ESG. The Task & Finish Group met on 6 December 2016 and 10 January 2017.

While originally proposed that the Task & Finish Group would have delegated authority to make the decisions on central retention, it was agreed following further discussion that the proposals should be brought to this meeting of the full Schools Forum given the significance of these proposals and their impact on schools, in particular maintained schools.

This report therefore presents a number of proposals on the retention of DSG in 2017-18 to fund the statutory duties for which formal Schools Forum approval is required.

Recommendations

Schools Forum consider and agree to the recommendations presented in this report re the central retention of DSG in 2017-18, to provide continued support to maintained schools resulting from the removal of the general duties ESG funding from the local authority from September 2017.

REPORT

Background

1. Schools Forum considered a report on the Government's planned changes to the ESG in 2017-18 at their meeting on 24 November 2016, in particular the removal of the general duties ESG from local authorities from September 2017. The report was produced prior to a number of anticipated Government announcements in December 2016, including:
 - details on the statutory responsibilities coming under the retained and general duties elements of the ESG
 - guidance on securing Schools Forum approval to retain DSG for support services previously funded through general duties ESG
 - the transitional protection arrangements - April to August 2017 - for the general duties ESG
 - information on the new school improvement monitoring and brokerage grant for local authorities.
2. The Schools Forum Task & Finish Group were given delegated authority at the meeting to work through the detail of the planned changes - once received - and to make the key decisions on the central retention of funding to continue to provide essential education support services for maintained schools previously funded through general duties ESG. The deadline for submission of the Authority Proforma Tool (APT) on 20 January 2017, which sets the Shropshire funding formula for 2017-18, was the key reason for delegating authority.
3. The first meeting of the Task & Finish Group took place on 6 December 2016 (notes from the meeting are attached at Appendix 1). The group were able to consider the initial information received from the Government and form a general view, but in the absence of the required detail, they set another meeting date in the New Year. The group met again on 10 January 2017 to consider the detailed information received by officers on 20 and 22 December 2016, in the week after the end of the autumn term. The notes of the second meeting of the Task & Finish Group are attached at Appendix 2.
4. The lateness of the Government announcements, together with the submission date of 20 January 2017 of the APT, has allowed little time for local authority officers and members of the Task & Finish Group to undertake the detailed work necessary to properly assess the impact of the planned changes. Equally this has allowed no time at all to consult with the wider school community – particularly maintained schools – who will be directly affected by the proposals being presented in this report.
5. The Task & Finish Group, at their second meeting on 10 January 2017, agreed that the proposals put forward by officers should be brought forward to Schools Forum for fuller consideration and that the decisions on the central retention of DSG would be taken by Forum at this meeting. Given the significance and importance of these decisions, a briefing session for headteachers and chairs of governors (or finance) for all Shropshire schools and academies, has been arranged for Wednesday 8 February 2017 at the Lord Hill Hotel in Shrewsbury. Invitation letters have been sent out.

6. Officers have sought to provide, in the short time available, as much information as possible to help inform the decisions Forum is being asked to take. However, further work will be required on the costing and operational details as the way in which the Government's guidance presents the individual component parts of the statutory duties does not correspond with the way in which the local authority organises its service teams and budgets.
7. Schools Forum are being asked to make decisions on the best information available at this time, but to also consider the impact on maintained schools, noting that the changes in the funding of support services will impact from September 2017, part way through the financial year. Forum is asked to consider the financial year 2017-18 as a transitional year, to take into account the merits in securing continuity of provision of support services for maintained schools, and to note that further work on a service-by-service basis will be undertaken with the wider school community to determine the best way forward for Shropshire schools.

School Revenue Funding Settlement 2017 to 2018

8. The announcements from Government on the school revenue funding settlement for 2017 to 2018 were released on 20 and 22 December 2016. These announcements provided the awaited detail to the earlier announcement on 30 November 2016, which included operational guidance on school revenue funding, including a section on centrally retained budgets. An extract from the guidance is attached at Appendix 3, which is helpful background to the decisions Forum is being asked to make.
9. The guidance recognises *'that local authorities will need to use other sources of funding to pay for education funding once the general funding rate has been removed'* and that regulations will be amended *'to allow local authorities to retain some of their schools block funding to cover the statutory duties they carry out for maintained schools which were previously funded through the ESG'*. Any sums retained *'will need to be agreed by the relevant maintained school members of the Schools Forum'*.
10. The guidance references the introduction of a separate school improvement grant for local authorities to support *'their statutory intervention functions and services such as monitoring and commissioning school improvement support'*. Local authorities will *'play a transitional role, as the school-led system of school improvement continues to mature and capacity in the system increases'*. As school improvement is not included in the ESG funded duties, the local authority will only have the new grant to fund its statutory school improvement functions, but can secure agreement from Schools Forum *'to de-delegate further funding for additional school improvement provision'*. The provisional level of grant funding allocated to Shropshire Council would suggest that de-delegated funding will be required to maintain the current service.

11. The key data determining the level of the funding reductions in 2017-18 is:
- the transitional general duties ESG for the period April to August 2017 to be funded at £27.50 per pupil in maintained schools, £116.88 per pupil in special schools and £103.13 per pupil in PRUs
 - the new school improvement monitoring and brokering grant for the local authority, provisionally set at £1,884 per pupil from September 2017
 - the current 121 maintained schools, which will reduce to 113 in April 2017, taking into account the schools currently in the academy converter pipeline.

Any recovery of grant funding from Shropshire's remaining special school (Woodlands) and PRU (TMBSS) would have to come from the High Needs Block, through which each of these settings is funded.

12. The table below shows the funding received from the two elements of ESG in 2016-17:

2016-17 Education Services Grant as at December 2016	£
Retained duties ESG @ £15.00 per pupil in maintained schools and academies	570,000
General duties ESG @ £77.00 per pupil in maintained schools, £327.25 per pupil in special schools and £288.75 per pupil in PRUs	1,945,810
Total Education Services Grant	2,515,810

13. The next table shows the estimated position for 2017-18, based on the data summarised in paragraph 11 above:

Estimated 2017-18 grant funding as at January 2017	£
Retained duties ESG @ £15.00 per pupil in maintained schools and academies (to be transferred to Schools Block)	570,000
Transitional general duties ESG for period 1 April 2017 to 31 August 2017 @ £27.50 per pupil in maintained schools, £116.88 per pupil in special schools and £103.13 per pupil in PRUs – based on 113 maintained schools as at 1 April 2017	611,016
New school improvement monitoring and brokering grant @ £1,884 per maintained school – based on 113 maintained schools as at 1 April 2017	212,940
Grant funding to support statutory duties in maintained schools	1,393,956

It should be noted that this is the maximum funding that will be received in 2017-18. It does not take into account any new Academy Orders issued up to 1 September 2017. Each converting school will result in a loss of £27.50 per pupil in transitional general duties ESG and £1,884 per school in school improvement monitoring and brokering grant. For a converting school with 200 pupils, £7,384 will be lost in grant funding to underwrite statutory duties for the remaining maintained schools, while for a school with 1,000 pupils, £29,384 will be lost.

14. The net effect of the planned changes is a minimum loss of grant funding for supporting maintained schools of £1,121,854 in 2017-18.

15. The planned reduction in general duties ESG is being applied to academies, but a tapered protection will be applied to provide continued protection against significant budget reductions as a result of the changes to the ESG rate. The guidance received in December does not detail these arrangements.
16. A reduction in Shropshire Council's ESG funding allocation is nothing new. The general duties funding rate per mainstream pupil has reduced year on year from £116.46 in 2013-14 to £77.00 in 2016-17. Shropshire Council's general duties ESG allocation has reduced by £2.250 million from £4.196 million in 2013-14 to £1.946 million in 2016-17. Some £1.422 million of this cut is attributable to a reduction in the general duties funding rate per pupil with the balance attributed to reduced number of mainstream pupils as schools convert to academy status. Shropshire Council has absorbed the full impact of this £2.250 million funding reduction to date, so the further loss of £1.122 million in 2017/18 would increase the total loss of funding to £3.377 million.

Proposals for meeting the loss of grant funding to support maintained schools in 2017-18

17. At the Task & Finish Group on 10 January a number of proposals were presented to address the net loss of £1.12 million in grant funding in 2017-18 to underwrite statutory support to maintained schools. This section details each of the proposals and the decisions required from Schools Forum.

Retained Duties ESG

18. The funding allocated through the retained duties ESG will be transferred into the Schools Block in 2017-18. Local authorities, with the agreement of Schools Forum, will be able to fund central services previously funded through this grant. As indicated earlier in this report, the local authority does not account for these services in the same way as the guidance has presented them. Based on some provisional work undertaken by officers in corporate finance, the indicative application of this grant funding is as follows:

Duties	£
Statutory and regulatory duties	320,650
Education welfare	83,920
Asset management	165,430
Total	570,000

19. The Task & Finish Group support the continued central retention of the retained duties ESG allocation of £570,000 in 2017-18.
Recommendation 1 - Maintained and academy school representatives agree to the central retention of the ESG retained duties allocation for Shropshire in 2017-18, currently estimated to be £570,000.

Redundancy

20. One of the functions funded through the general duties ESG is for premature retirement and redundancy of staff in maintained schools. Shropshire does not fund premature retirement and so the funding required in the future would be for redundancies in maintained schools. There will be strict but clear measures in place to govern how this funding can be applied.
21. In recent years the costs of redundancy in maintained schools have been: £573.6k in 2014-15, £362.2k in 2015-16, and is currently £454.1k in 2016-17 to date.
22. The Task & Finish Group supported the principle of retaining a central fund for redundancy costs, at least for 2017-18. Without the security of this centrally retained fund, individual maintained schools would be liable for all redundancy costs from September 2017. This could present too great a risk and potential financial challenge to maintained schools in the short term. However, it was acknowledged that with full consultation with schools later in the year, and a better understanding of the costs involved, the fund could be removed from April 2018.
23. Officers presented the Task & Finish Group with a proposal to reprioritise funding from another part of centrally retained DSG to mitigate the impact on maintained school budgets of funding redundancies. This relates to a specific line in the block of funding entitled 'Central Provision Within Schools Budget', details of which are provided in the table below:

Central Provision Within Schools Budget		£
1.4.1	Contribution to combined budgets	852,110
1.4.2	Schools Admissions	211,460
1.4.3	Servicing of Schools Forum	10,000
1.4.4	Termination of employment costs	994,920
1.4.6	Capital Expenditure from Revenue (CERA)	512,720
1.4.7	Prudential borrowing costs	295,350
1.4.12	Exceptions agreed by Secretary of State (deficit)	168,141
1.4.13	Other items (Copyright Licensing Agency fee)	19,679
Total		3,064,380

24. The proposal presented was to reassign the CERA funding of £512,720 (highlighted in the table above), given that there is flexibility in how this can be applied. The reallocation of this funding to underwrite most of the redundancy fund for maintained schools was accepted as a priority for the use of this funding in 2017-18. However, this block of funding is used to support both maintained schools and academies. In order to release this funding, the £512,720 has to be transferred into the Individual Schools Budget (ISB), to go out to all schools - including academies - through the funding formula. The funding to maintained schools will then be 'top-sliced' and centrally retained for the redundancy fund. Academies will be able to retain the £14.69 per pupil received through this transfer in 2017-18.

25. This transfer will secure £330,000 for use in mitigating the impact from the loss of general duties ESG on maintained school budgets in 2017-18. It was proposed and agreed by the Schools Forum Task & Finish Group that this transfer should be undertaken and that £300,000 should be earmarked for the redundancy fund and £30,000 to support statutory finance functions previously funded from general duties ESG.

Recommendation 2 – Maintained and academy school representatives agree to the CERA allocation of £512,720 in the Central Provision Within Schools Budget being transferred into the ISB in 2017-18.

Recommendation 3 – Maintained school representatives agree to the ISB being top-sliced for maintained schools, with £300,000 allocated to a redundancy fund and £30,000 allocated to central finance support for maintained schools.

26. The Task & Finish Group debated the required size of the redundancy fund. Based on current costs of redundancies in maintained schools (see paragraph 21 above), funds of £400,000, £450,000 and £500,000 were considered. Any additional monies for the fund (over and above the £300,000 secured above) would have to be funded through a top-slice of maintained school budgets. A 'top-up' of £100,000 would cost £3.95 per pupil, £150,000 - £5.94 per pupil and £200,000 - £7.90 per pupil.

Recommendation 4 - Maintained school representatives agree to a top-slice of maintained school budgets to 'top-up' the redundancy fund for maintained schools. The options presented are:

- (i) £100,000 at a cost of £3.95 per maintained school pupil
- (ii) £150,000 at a cost of £5.94 per maintained school pupil
- (iii) £200,000 at a cost of £7.90 per maintained school pupil.

Human Resources and Health & Safety

27. There are a number of statutory and regulatory functions funded through the general duties ESG that fall in the area of human resources and occupational health and safety. These responsibilities primarily relate to the fact that the local authority is the employer of staff in maintained schools, with the exception of voluntary aided schools who directly employ their own staff. While maintained schools are able to secure advisory support through annual service level agreements, either through Inspire to Learn or another service provider, the functions currently funded from general duties ESG have always been embedded within the schools HR service level agreements.

28. At this point it is not possible to set out the specific human resources and occupational health and safety functions funded through ESG. However, set out below are key functions undertaken by the HR and Health and Safety teams which are covered under the statutory obligations and so either rely upon the ESG funding either in full or to supplement service level agreement costs.

Currently the Council's Occupational Health and Safety team provide a significant service to schools under its employer function obligations, as the employer has accountability to fulfil its statutory provision for health and safety. Currently there is no cost to schools for this service as the Occupational Health and Safety team is funded through the base budget received from the Council, part of which is from the ESG.

Health and Safety Team

There is currently one Health and Safety Officer almost exclusively working with schools providing advice, via phone, email and on-site. The team also provide policies and guidance specific to schools as well as providing general risk assessments and specific risk assessments tailored to individual schools. Accident reporting is administered and accidents are monitored, investigated and reported to Health and Safety Executive when required under legislative requirements. Inspections and audits are undertaken to monitor compliance and support is offered pre-Ofsted inspections. Regular termly health and safety bulletins are provided as well as workshops to highlight accident trends, new legislation and guidance and best working practices. On site mandatory and essential health and safety training is delivered by a Health and Safety Training Officer on fire safety, health and safety awareness and manual handling.

In addition, the Health and Safety Manager has significant involvement with school health and safety issues. There are seven other members of the Council's Health and Safety team, all of whom have significant proportions of their roles working with schools to provide a daily telephone advice service, support with workstation safety, stress management, playground equipment, school equipment and school specific queries

Occupational Health Team

The team of Occupational Health Advisers deal with significant numbers of specific referrals of school staff in accordance with the Managing Sickness Policy. It also receives all pre-employment health clearance forms from schools in accordance with the Safer Recruitment Policy. As with the Health and Safety service above, there is currently no cost to schools for this service.

Recruitment, Payroll & Contracts Team

This team deals with a number of areas from within the ESG statutory responsibilities list. In addition to specific payroll and pensions statutory functions an example is that the team ensures all suitability and pre-employment checks are completed for schools staff for whom the Council is the employer. This includes DBS checks. The statutory responsibility would be to ensure the check is undertaken and fund the charge for the certificate (currently £44.00) and if applicable an external ID verification process (currently £2.75), however under the current service level agreement the team provides an enhanced service to schools over and above the statutory responsibility. This includes provision of guidance, advice and support for school staff on the completion of DBS applications, overseas code of conduct issues, single central record, processing of volunteer disclosures and positive disclosure administration.

HR Advice

The remaining statutory responsibilities are embedded within the HR advice service level agreement and delivered as part of that service level agreement. The statutory responsibilities are significantly enhanced through the service level agreement, as without this enhancement the service would be the minimum statutory responsibility required. To highlight this an example would be the statutory duty for the local authority to be present at a hearing to dismiss a school employee. The statutory responsibility would be for a local authority representative to present and provide procedural advice during the hearing only and to provide advice to governors regarding their decision, to safeguard the position of the Council as the employer. The service level agreement provided by HR enhances this role considerably by providing advice and support throughout a process from the point in which a conduct concern arises, which can include undertaking an investigation on behalf of the school.

29. The best estimate at this stage on the costs of these functions is around £100,000 - £3.95 per pupil in maintained schools. To date the HR service as a whole received this amount as part of its 'base budget', and the costings of the school service level agreements were then developed to meet the cost of providing the current levels of service to **all** schools.
30. In the event this funding is not top-sliced, one other option available is for the 2017-18 HR Advice and Development and the Occupational Health & Safety service level agreements to be amended to take into account the loss of retained duties ESG, and that schools opt to procure the service from September 2017. This carries significant risks where schools do not opt in, or are not able to afford the increased costs, such as failure to fulfil employment and health and safety legislation, which could give rise to employment tribunals, prosecutions and a potential to create unsafe environments and practices
31. In this period of transition to a new way of funding, and to secure a better understanding of the implications of the changes while retaining continuity of provision for maintained schools in 2017-18, it is proposed that the £100,000 is top-sliced from maintained school budgets. Further detailed discussions would take place with maintained schools over the next financial year, which could result in the statutory functions being fully reflected within the service level agreements from April 2018 onwards. The Task & Finish Group did not put forward a recommended view on the way forward.
Recommendation 5 - Maintained school representatives agree to a top-slice of £100,000 from maintained school budgets (£3.95 per pupil in maintained schools) in 2017-18 to support the statutory and regulatory duties of the local authority in respect of human resources and health & safety functions.

Education Welfare

32. Funding for education welfare, delivered in Shropshire through the Education Access Service (EAS), is currently part funded through both the retained duties and the general duties elements of the ESG. The service also trades successfully with academies through Inspire to Learn.
33. The retained duties are detailed in the guidance as: functions in relation to the exclusion of pupils from schools, excluding any provision to excluded pupils; school attendance, and; responsibilities regarding the employment of children. The general duties are listed simply as inspection of attendance registers.
34. The gross cost of the service in 2016-17 is £524,390, funded as follows:

	£
Retained duties ESG	83,920
General duties ESG	254,700
Traded and other income	185,770
Total	524,390

35. The proposal considered by the Task & Finish Group was for the loss of general duties ESG in 2017-18 of £254,700 to be recouped through a top-slice from maintained school budgets to retain a continuity of provision during this first transitional year. This would cost £10.06 per pupil in maintained schools. Detailed discussions would be held with maintained schools in the summer and autumn terms with a view to moving to a fully traded service from April 2018. This top-slice would provide access for maintained schools to all EAS support including education welfare, attendance and inclusion/exclusion officers, access to a gypsy, Roma and traveller (GRT) teacher, child employment and performance licensing.
36. The alternative to this would be to move to a fully traded arrangement from September 2017. Initial indicative costs of a service level agreement for education welfare would be based on daily rates of £210 per day over 38 weeks, according to the requirements of individual schools plus fees for inclusion services (currently £60 per session/meeting). A secondary school, for example, would require between 1 and 2 days per week education welfare support for an academic year.
37. The risks of going straight to trading would be around inequality of access to services. Pupils 'belong' to all of us and if one school trades but another does not it could lead to a 'two tier' system which is not needs based. At any given time *any* school in the county could receive in complex families with multiple needs and should be mindful of the resources required in these instances.
38. The risk to schools of not opting in may be that they do so without knowing fully the information and guidance they rely upon from the Education Access Service. A school would need to be confident that they have got the skills and knowledge of underpinning issues in house or if they have not, where they would obtain this information and support from elsewhere, and at what cost.

39. A top-slicing of £254,700 would allow the Education Access Service to continue to provide a joined up service that benefits all pupils in Shropshire, through allocating resources to work flexibly on cases where they appear.
40. The Task & Finish Group did not have the detailed information provided above and so did not propose a recommendation to Schools Forum. To secure continuity of provision and to allow further detailed discussions with maintained schools, it is recommended by officers to top-slice in 2017-18.
- Recommendation 6** - Maintained school representatives agree to a top-slice of £254,700 from maintained school budgets (£10.06 per pupil in maintained schools) in 2017-18 to support the statutory and regulatory duties of the local authority in respect of education welfare.

School Improvement

41. As indicated in paragraph 10 above, the local authority's role in terms of school improvement will be a transitional one from September 2017. It is worth noting that, based on current numbers of academies and those in the converter pipeline, 75% of Shropshire's schools will still be maintained by the local authority in April 2017.
42. The ESG funded duties in 2017 to 2018 will no longer include school improvement. The Government will be introducing a school improvement monitoring and brokering grant from September 2017, provisionally set at £1,884 per maintained school. Any additional funding for school improvement support for maintained schools would have to be met from de-delegation of maintained school budgets, from new service level agreements for statutory functions or a combination of the two.
43. The gross cost of the core Education Improvement Service (EIS) in 2016-17 is £504,310. This does not include any traded services.
44. The core service is currently delivered by 5.5 FTE advisers (reduced in December 2016 from 6.0 FTEs). It also includes a small element of administrative support. The support for maintained schools includes, but is not limited to:
- monitoring, challenge, support and – where necessary – intervention to ensure high standards of provision and outcomes in line with the Shropshire School Performance Monitoring Policy
 - leadership and co-ordination of strategic groups including primary and secondary CPGs, primary and secondary headteacher briefings/ workshops/forums and network meetings for secondary school leaders and primary/secondary middle leaders
 - additional school support including: Ofsted preparation, during and post inspection; resolution of SEN and admissions issues; critical incidents involving pupils and staff; 121 advice and support, and; support for structural change (federations and academisation)
 - local authority reviews/inspection support for governors in receipt of a pre-warning notice (5 have been issued since September 2015).

45. In terms of time, the core team provides the following levels of support to individual schools, based on their performance categorisation:
- Low support schools – minimum of 1 visit annually
 - Medium support school – minimum of 1 visit termly
 - High support school – minimum of 2 visits termly
- At present 25% of maintained schools are receiving medium support and 6% receiving high support.
46. The provisional allocation of school improvement monitoring and brokering grant for 2017-18, based on the projected number of maintained schools as at 1 April 2017, is £212,940 (see table in paragraph 13 above). If the local authority was to secure no additional funding this would support a core EIS team of 2.56 FTE advisers, including administrative support. This would have significant implications on the support that could be offered to maintained schools.
47. This grant allocation is the maximum that would be available. It is impossible to predict the number of academy conversions that will take place in the coming year, but it is almost certain that further Academy Orders will be received before 1 September 2017, which will reduce the allocation of grant. For every 21 schools that convert, £20,000 in grant funding will be lost.
48. Unlike the other decisions being presented in this report, maintained school representatives on Schools Forum are being asked to agree to de-delegate additional funding for school improvement services in 2017-18. Primary and secondary school representatives will vote separately.
49. The Task & Finish Group considered a proposal to de-delegate an additional £200,000 for school improvement services (£7.90 per maintained pupil). The group did not provide a recommendation and deferred the decision to this meeting, at which additional information would be available. Current estimates are that this would provide for a core team of 4.96 FTE advisers, including administrative support. It was acknowledged that further detailed work is required on the levels of support to individual maintained schools this would provide, recognising that service level agreements would need to be provided for some aspects of support that the Government grant and de-delegated funding does not underwrite.
50. The proposal being presented to Schools Forum is to de-delegate £200,000 in additional funding for school improvement services. It is proposed to split the £200,000 on the basis of the levels of school improvement services provided to primary and secondary maintained schools.
- Recommendation 7a** - Maintained primary school representatives agree to de-delegate £189,190 from maintained primary school budgets (£10.94 per pupil in maintained primary schools) in 2017-18 to provide additional funding for school improvement services.
- Recommendation 7b** - Maintained secondary school representatives agree to de-delegate £10,810 from maintained secondary school budgets (£2.26 per pupil in maintained secondary schools) in 2017-18 to provide additional funding for school improvement services.

Schools Forum Task & Finish Group

Notes of key points raised at the meeting held on 6 December 2016

In attendance

Bill Dowell (Chair of Schools Forum) [BD], Nick Bardsley (Deputy Portfolio Folder, Children's Services) [NB], Mark Rogers (Headteacher, Oxon CE Primary) [MR], John Hitchings (Vice Chair of Schools Forum) [JH], Rob Carlyle (Finance Director, Meole Brace School) [RC]

Local authority officers:

Gwyneth Evans [GE], Stephen Waters [SW], Phil Wilson [PW], Ros Bridges [RB], Jo Jones [JJ]

1 **Welcome**

PW welcomed everyone to the meeting.

2 **Apologies**

Apologies received from Pete Johnstone and David Minnery.

3 **Appointment of Chair**

BD was appointed chair of the Task & Finish Group.

4 **Terms of reference for decision-making**

PW outlined the importance of the decisions that will have to be made in this group in January before the school budgets have to be submitted to the EFA on 20 January. BD commented that we need to make sure we share information with other school headteachers to keep them informed.

5 **Education Services Grant (ESG) – background**

SW circulated and took the group through background information on the ESG:

- In 2016-17 the £15 per pupil retained duties rate equates to £0.558m funding to the LA and the £77 per pupil general rate equates to £1.946m
- It was noted that the retained duties allocation is for both maintained schools and academies whereas the general rate allocation is for maintained schools only
- The general rate allocation to LAs is being removed from September 2017, with a transition rate of £20 per pupil for the period April to August – academies will, however, continue to receive this general rate ESG
- The retained duties allocation is being transferred into DSG and

will therefore be under Schools Forum remit for decision making.

6 **School Revenue Funding 2017-18- ESG extract**

GE took the group through the relevant pages on ESG in the EFA operational guide 'Schools revenue funding 2017-18':

- GE noted there is now an option to de-delegate funding for school improvement
- The transitional reduction is from April to August, therefore the £50 per pupil annual rate for general ESG becomes £20 per pupil
- Para. 85 was brought to the groups attention – the amount to be retained by the LA will need to be agreed by maintained school members of Schools Forum
- Under para. 90 – the retained duties rate will be transferred to DSG – the group in principle agreed that this amount would be retained centrally within the DSG (formal decisions will be taken at the January meeting).

7 **Issues and Implications**

- The table listing ESG duties in the EFA guide does not include school improvement. There is going to be separate grant for LAs for school improvement in 2017-18. While £50m is being made available nationally, the allocations to each LA are not yet known but it is expected that this will not be sufficient to cover current school improvement functions in Shropshire
- The group agreed that no decisions could be made on this until we know how much this allocation would be
- MR noted that there are different types of school improvement and, for example, having a termly meeting with a SIA may not be needed by most schools and could be something that is paid for on a frequency the school want. However, it was also recognised that there are some schools that need a lot of input from the LA school improvement team
- The new school improvement grant is likely to be used for intervention where needed and then schools pay for the required support, with the LA having a commissioning role
- BD noted that there is a need to breakdown the duties on the list to the ones that schools can't do without and then others that can be paid for on a traded basis – the former, subject to agreement by the group, would be 'top-sliced' from DSG before school budgets are determined (the group would be seeking to minimise the top-slice)
- The rationale behind the services listed needs to be clear to schools
- MR also noted that we need the details behind other centrally retained budgets to see what that is paying for.

8 Focus of officer work for next meeting

- Officers will go back to different service managers (as listed in the operational guide) to get a breakdown of costs for these services and a decision on whether they need to be top-sliced prior to school budgets being calculated, become a traded option for schools, are already covered by existing SLAs or, in extremis, cease to be provided by the LA
- Next meeting the group will need to consider the costs of providing the current ESG services – list to prioritise the highest budget/impact services
- PW has concerns over the item on the list 'Premature retirement and redundancy' – it will be hard to calculate how much to retain, ensuring there is enough funding to meet all calls on it in a given year
- BD asked NB if he would brief David Minnery and Cabinet members on the issues raised today
- PW will send a briefing note to all schools to make sure they are all aware of the issues and that this group will be making decisions.

9 Next meeting

Thursday 5 January 2017, 9:30-11:30 am, Shrewsbury Training & Development Centre

This page is intentionally left blank

Schools Forum Task & Finish Group

Notes of key points raised at the meeting held on 10 January 2017

In attendance

Bill Dowell (Chair of Schools Forum) [BD], Nick Bardsley (Deputy Portfolio Folder, Children's Services) [NB], Mark Rogers (Headteacher, Oxon CE Primary) [MR], John Hitchings (Vice Chair of Schools Forum) [JH], Rob Carlyle (Finance Director, Meole Brace School) [RC]

Local authority officers:

Chris Mathews [CM], Gwyneth Evans [GE], Stephen Waters [SW], Phil Wilson [PW], Ros Bridges [RB], Jo Jones [JJ]

1 Welcome

BD welcomed everyone to the meeting.

2 Apologies

Apologies received from Pete Johnstone – Belvidere

3 Notes from the meeting on 6 December 2016

The notes from the previous meeting were accepted.

4 Government announcements on school revenue funding 2017 to 2018

- GE reported that the DSG figures were not received until the 20 December 2016, after the autumn term had ended.
- PW proposed that Schools Forum on the 19 January 2017 be asked to make the decisions on addressing the loss of ESG. Due to the impact this loss of funding will have on maintained school budgets, it was deemed that delegation of authority to make these decisions to this group was neither appropriate nor fair. The group will therefore be asked to put forward recommendations for decisions to be made at the Forum meeting.
- An extra School Forum meeting has been arranged for 2 February to cover deal with agenda items remove from the January meeting.
- A school funding event has been arranged for Wednesday 8 February at the Lord Hill Hotel, Shrewsbury for headteachers and chairs of governors to brief them on the decisions taken by Schools Forum.
- MR commented that it may be useful to let Forum members know that GE has to submit the APT on the 20 January and it therefore essential that they attend on the 19 January. PW agreed to send

an email confirming this.

5 Education Services Grant (ESG) – funding levels in 2017-18

- PW handed out a spreadsheet with the ESG changes and proposals.
- The information shows that currently for 2016-17 the ESG figures are £2,515,810 of which £570,000 is the retained duties element (£15pp) and £1,945,810 is the general funding amount (£77pp).
- For 2017-18 it has been confirmed the retained element will remain at £570k – this will be moved into the DSG.
- The recommendation by this group is the £570,000 will be retained by the local authority as in previous years.
- PW reported that for the transitional period of April to August 2017 Shropshire will receive a maximum of £611,016 – this figure has been adjusted for academy conversions post 1 November 2016 and those that are in the conversion pipeline.
- PW indicated that this is the absolute maximum funding Shropshire would receive and if more schools converted to academies this figure would reduce at the point of their conversion.
- JH asked if some further modelling could be done on the impact of further schools converting to academies would have on this budget. **PW/SW to action.**
- BD reminded everyone that 2017/18 is a transitional year and that Forum members would need to understand and be clear about that when making decisions of central retention.
- PW explained that the estimated loss of funding based on current information is at least £1,131,394.
- Each converting mainstream school would result in a further loss of £27.50pp and £1,800 per school (loss of school improvement monitoring and brokerage grant) – for a school of 200 pupils this is £7,300, for a 300 pupil school this is £10,050.

6 School improvement monitoring and brokering grant

- The LA will receive a maximum of £203,400 for the school improvement grant, this is based on a provisional figure of £1800 per maintained school. **[following the meeting, confirmation was received that the final figure will be £1,884 per maintained school]**
- PW advised that this figure could reduce as further schools converted to academies (those in the pipeline have been accounted for).
- CM said that this figure would secure only 3 FTEs for the Education Improvement Service (EIS) team
-

7 Proposals for addressing loss of Education Services Grant funding in 2017-18 for approval by Schools Forum on 19 January 2017

- Redundancy costs is one of the biggest uses of the ESG general duties funding. SW provided the group with figures on previous spend. In 2014-15 it was £574k, 2015-16 was £362k and currently for 2016-17 it stands at £455k.
- It was noted that Shropshire does not fund premature retirements out of this funding.
- It was proposed that the £512k budget set against Capital Expenditure from Revenue (CERA) line in the Central Provision within Schools Budget block will be re-prioritised to support these redundancy costs. GE advised that this funding is for both maintained schools and academies. This funding will go back to school's budgets and then be 'top-sliced' back to the local authority. This will have a neutral effect on maintained schools, while academies be able to retain and so will receive an extra £14.69 per pupil. The amount to be top-sliced for maintained schools will be £330k.
- It is proposed of this £330k - £300k will be used for redundancies and £30k will be used towards the provision of statutory finance functions to maintained schools. Members of the group agreed to this recommendation to Schools Forum.
- PW then explained in order to keep the redundancy fund at current levels we would need to top slice £200k from maintained schools. After some discussion by group members it was felt more reasonable to reduce this figure to £150k. Therefore the redundancy fund would be £450k in total.
- It is proposed that £100k is top-sliced from maintained schools to support HR/health and safety costs. PW advised that these costs sit outside the HR SLAs and are mainly due to Shropshire Council being the employer of staff in maintained schools.
- The group asked if officers could find out how many schools is Shropshire Council not the employer for. Also what the split of these costs are between HR and health and safety. **PW/SW to action.**
- Currently the EIS team has 5.5 FTEs and the new school improvement monitoring and brokerage grant will cover just under 3 FTEs. Therefore CM is asking schools to de-delegate an additional £200k to keep that core EIS team in place in September 2017. CM informed the group members of the important work of the team and why this was the minimum funding needed in order to keep the service.
- The group asked if they could have a breakdown of the costs of 5.5 FTEs within EIS - **SW to action**
- MR requested if more work could be done on the breakdown of how many visits each adviser does. – **CM to action**
- It is proposed to top slice £300k from maintained schools to

provide additional funding to support education access services for maintained schools.

- PW informed the group that the Education Access Service (EAS) team have SLAs in place with every school that has converted to an academy. There was discussion that an alternative to top slicing was to set up SLAs with maintained schools from September 2017. The group asked if further figures could be provided on this and whether the price would be dependent on pupil numbers and the number of FSM pupils and deprivation data. **PW to speak to Chis Kerry for details. SW to provide actual costs of the EAS team**
- In conclusion the implications on schools in term of a top-slice on their budgets is £150k for redundancies, £100k for HR/health & safety, £200k for the EIS team and £300k for the EAS team. Further work tasked to officers will be brought to Schools Forum to help inform the decisions to be made.

8 **Future meetings of the group**

No further dates were diaried.

9 **Any other business**

No other business was considered.

Centrally retained budgets

De-delegated services

71. Funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with schools forum approval. De-delegation is not an option for special schools, nursery schools and PRUs. Where de-delegation has been agreed for maintained primary and secondary schools our presumption is that the local authority will offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments.

72. Any decisions made to de-delegate in 2016 to 2017 related to that year only, so new decisions will be required for any service to be de-delegated in 2017 to 2018.

73. From 2017 to 2018, schools forums can agree to de-delegate further funding for additional school improvement provision for maintained schools. This provision sits alongside the new school improvement grant for statutory local authority intervention functions. This grant will commence from September 2017. More information is set out [here](#).

74. Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase. Funding for these services will then be removed from the formula before school budgets are issued. There may be different decisions for each phase. The services which may be de-delegated are:

- additional school improvement services
- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- licences/subscriptions
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties)

75. For each service de-delegated, local authorities will need to make a clear statement of how the funding is being taken out of the formula (for example, primary insurance £20 per pupil, secondary behaviour support services £30 per FSM pupil). There should be a clear statement of how contingencies and other resources will be allocated. Academies will continue to receive a share of funding for these services in their delegated budget.

76. Where de-delegation is agreed, middle schools will potentially be subject to two different decisions and the unit value for de-delegation may be different for primary and secondary age pupils. For example, if the primary sector agreed to de-delegate a service but the secondary sector did not, middle schools in the authority would have their formula allocation reduced only for their primary pupils at the agreed primary school rate.

77. De-delegation arrangements for 2017 to 2018 schools converting to academy status are shown in table 4:

Conversion date	De-delegation arrangements
On or before 1 April 2017	No de-delegation
2 April 2017 to 31 August 2017	Local authority retains any de-delegated funding until 31 August 2017
1 September 2017 to 31 March 2018	Local authority retains any de-delegated funding until 31 March 2018

Table 4: De-delegation arrangements for schools converting to academy status

78. This will help services to plan their future operations. After the dates specified, the academy will receive the full formula allocation and this will be recouped from the local authority.

79. The local authority should continue to provide the services to new academies where funding is de-delegated, if they are asked to do so. If the local authority is unable to provide the requested service then they could, alternatively, pay the funding directly to the academy.

80. Where there has been agreement that a school is entitled to receive an allocation from a de-delegated contingency fund, that agreement should be honoured if the school converts to an academy at any point in the year. Where a school converts to an academy in the period 2 April to 31 August 2017, local authorities will have an opportunity to present an evidence based case to the EFA to request a recoupment adjustment for the period 1 September 2017 to 31 March 2018.

81. Any unspent de-delegated funding remaining at the year-end should be reported to schools forum. Funding may be carried forward to the following funding period as with

any other centrally retained budget, and can be used specifically for de-delegated services if the authority wishes.

Removal of ESG general funding rate and arrangements for schools block retention

82. In the 2015 Spending Review, we announced a saving of £600 million by removing the ESG general funding rate from 2017-18. In the first stage of the NFF consultation, we set out our intention to provide transitional funding for local authorities from April 2017 to August 2017 inclusive. The general funding rate will then be removed completely from September 2017. While the final rate has yet to be determined, we expect the transitional protection to be in the region of an annual rate of £50 per pupil, which equates to £20 per pupil for the five months from April to August. We will announce the final rate in December alongside DSG allocations and confirmation of the ESG protection rates for academies.

83. We recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed.

84. As proposed in the first stage of the national funding formula consultation, we will amend regulations to allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG.

85. The amount to be retained by the local authority will need to be agreed by the relevant maintained schools members of the schools forum (primary, secondary, special and PRU). If the local authority and schools forum are unable to reach consensus on the amount to be retained by the local authority, the matter will need to be referred to the Secretary of State.

86. Local authorities should set a single rate per 5 to 16 year old pupils (in other words, this will be deducted from basic entitlement funding) for all mainstream maintained schools (both primary and secondary). In the interests of simplicity, adjustments to other factors will not be allowed and the rate will not include early years or post-16 pupils; the latter are in any case funded through different formulae. Local authorities may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per place rather than per pupil for special schools and PRUs³.

³ The multipliers used in ESG previously were 3.75 for PRUs and 4.25 for special schools

87. As with de-delegation, the amount to be held by the local authority will be determined after MFG has been applied.

88. If a school converts to academy status during September 2017 to March 2018, the amount retained for that school will be recouped from the local authority's DSG for the remaining months of the financial year that the school is an academy. The academy will be reimbursed in its monthly general annual grant (GAG) payment from the point of conversion. Unlike for de-delegated services, there will be no phased transfer of funding following conversion so there will be immediate recoupment of this part of the budget. For example, if a school converts on 1 January 2018, 3/7ths of the retained amount relating to that school will be recouped. This is because the school is an academy for remaining 3 months of the financial year, and the retained DSG was allocated for 7 months (September 2017 to March 2018). This is illustrated in table 5.

Conversion date	ESG and retained DSG
On or before 1 April 2017	ESG paid direct to academy No DSG retention
2 April 2017 to 31 August 2017	ESG paid in parts to local authority and academy depending on exact conversion date All retained DSG allocated to the academy as they are converting by 31 August.
1 September 2017 to and including 31 March 2018	No ESG payable as this was removed from September 2017 EFA recoup the retained DSG from the local authority to pay the academy – the exact amount will depend on the date of conversion.

Table 5: ESG and retained DSG arrangements for schools converting to academy status

Background to ESG and ESG duties

89. Up until 2017 to 2018, ESG was made up of two rates that funded two different groups of services:

- The **retained duties rate** has gone to local authorities to fund services they provide to all schools, including academies

- The **general duties rate** has gone to both local authorities and academies to fund services authorities provide to maintained schools but which academies must provide themselves

90. 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><u>Statutory and Regulatory duties</u></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><u>Statutory and Regulatory duties</u></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>

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>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>

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>Functions under the Equality Act 2010 (Sch 1, 20y)</p> <p>Establish and maintaining computer systems, including data storage (Sch 1, 22)</p> <p>Appointment of governors and payment of governor expenses (Sch 1, 26)</p>
<p><u>Education Welfare</u></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><u>Education Welfare</u></p> <p>Inspection of attendance registers (Sch1, 11)</p>
<p><u>Asset management</u></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><u>Asset management</u></p> <p>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards

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>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><u>Central support services</u></p> <p>No functions</p>	<p><u>Central support services</u></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><u>Premature retirement and redundancy</u></p> <p>No functions</p>	<p><u>Premature retirement and redundancy</u></p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)</p>
<p><u>Monitoring national curriculum assessment</u></p> <p>No functions</p>	<p><u>Monitoring national curriculum assessment</u></p> <p>Monitoring of National Curriculum assessments (Sch 1, 23)</p>
<p><u>Therapies</u></p> <p>No functions</p>	<p><u>Therapies</u></p> <p>This will be covered in the high needs section of the regulations</p>
<p><u>Additional note</u></p>	

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>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:</p> <ul style="list-style-type: none"> • 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) 	

Table 6 Former ESG duties may be funded from centrally retained schools block funding with agreement of schools forum

91. School improvement is not included in the arrangements set out in table 6. As we highlighted earlier, from 2017 to 2018 local authorities will receive a separate grant covering their statutory intervention functions and services such as monitoring and commissioning of school improvement support. This will allow local authorities to play a transitional role, as the school-led system of school improvement continues to mature and capacity in the system increases. This grant will be £50 million per full year⁴, allocated to local authorities on the basis of the number of maintained schools, an area cost adjustment and top-up to ensure each local authority receives a minimum allocation of £50,000. In addition, a £140m per year “Strategic School Improvement Fund” will be provided to support school improvement and help to build school-led capacity in parts of the country where it is needed. Further information on this fund, including how to access the support, will be available shortly. Finally, schools forums can agree to de-delegate further funding for additional school improvement provision, in 2017 to 2018 (see section on de-delegated services).

92. We proposed in the first stage of the consultation to only fund local authorities’ historic commitments in 2017 to 2018 where there is evidence the commitment was entered into before 2013 and strong evidence of an ongoing commitment. EFA has conducted an exercise with local authorities reviewing their historic commitments and

⁴ The new grant is to cover the 7 months from September 2017 to March 2018, following on from the transitional ESG payment provided for April to August 2017 (see paragraph 82). Funding in the financial year 2017 to 2018 will therefore be provided at 7/12^{ths} of the full year rate.

further guidance has been published. DfE will not be reducing authorities' schools block funding for 2017 to 2018 as a result of this exercise, but will expect authorities to use funding in 2017 to 2018 in accordance with the regulations. Funding no longer required for historic commitments should be allocated to other aspects of the DSG.

Growth fund



Schools Forum

Date: 19 January 2017

Time: 8:30 am

Venue: Shrewsbury
Training and Development
Centre

Paper

Public

C

Early Years National Funding Formula Consultation

Responsible Officer: Neville Ward

e-mail: neville.ward@shropshire.gov.uk

Tel: 01743 254552

Summary

- 1.1 The free childcare entitlement for three- and four-year-olds from 'working families' will increase in September 2017 from 15 to 30 hours each week.
- 1.2 The Government has recognised that the current early years funding system, which funds the provision of the free entitlement for two-, three- and four-year-olds, is based on historic expenditure. This has led to significant variations in funding for local authorities which does not reflect provider costs nor market prices. The Government has been clear that the current funding system is neither fair nor justifiable.
- 1.3 In order to support the roll out of this increased entitlement the Government is implementing a new early years national funding formula which will allocate funding to local authorities for the existing 15 hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year-old children of eligible working parents. The funding rates for both the existing 15 hour entitlement and the new additional 15 hour entitlement will be the same and the new formulae will be in place by April 2017, i.e. the start of the financial year in which the increased entitlement will begin.
- 1.4 The same formula will also allocate funding for the 15 hour entitlement for the 40% most disadvantaged two-year-olds although the rate of funding will be higher for the two-year-old entitlement.

Recommendation

- 2.1 Forum is asked to provide a response to the consultation questions relating to the elements of the new early years national funding formula over which the local authority has some control.

REPORT

Background

- 3.1 The local authority receives its funding for the provision of the two-, three- and four-year-old free entitlement places as a separately specified, non ringfenced element of the overall Dedicated Schools Grant (DSG). The total amount received each year is based on the numbers of children accessing provision at the time of the annual early years census in the January preceding the start of the financial year (5/12ths) and the January within the financial year (7/12ths).
- 3.2 Shropshire Council's current allocation is based on a funding rate of £3.40 per hour per child (phpc) for three- and four-year-olds and £4.96 for two-year-olds and this formula generated a total of £9,149,077 in total in 2016-17, £7,325,432 in respect of three- and four-year-olds and £1,870,645 in respect of two-year-olds.
- 3.3 The local authority currently retains £222,460 of funding for three- and four-year-olds - around 3% of the total allocation in 2016-17 - to cover the costs of the administration of funding and securing sufficient provision across the county.
- 3.4 A further £500,000 - around 7% of the total allocation for three- and four-year-olds - is deducted at source to cover the cost of the provision of sustainability funding to providers who are unable to generate sufficient income from the pupil led formula to cover their costs. These providers are commonly in the more rural areas of the county.
- 3.5 The authority is also currently required to provide a deprivation supplement within the current funding formula and a sum of £300,000 (around 4% of the total allocation for three- and four-year-olds) is deducted at source to cover the costs of deprivation funding across the county. This amount is distributed to providers across the county using IDACI (income deprivation affecting children index) data to identify where the most disadvantaged children are accessing early years provision.
- 3.6 The remaining sum is then distributed directly to providers via the pupil-led formulae.
- 3.7 The funding allocation for two-year-olds is passed on to early years providers in its entirety via the pupil led formula in recognition of the need to provide as much support as possible to children from more disadvantaged backgrounds.
- 3.8 Current rates of reimbursement to providers for the provision of free places to three- and four-year-olds vary from £2.90 phpc to £3.17 phpc in the private voluntary and independent (PVI) sector depending on the circumstances of the provider. Local authority maintained nursery provision is funded at £3.56 phpc recognising the requirement to have a qualified teacher leading provision.

- 3.9 Places for two-year-olds are paid at a rate of £4.96 phpc, a national rate set by the Department for Education (DfE) and acknowledging the higher adult:staff ratios required for two-year-olds compared to older children.
- 3.10 Providers are funded termly using a pupil-led formula based broadly on the principles of the school funding formula. The formula seeks to reimburse providers at cost for the places they provide, i.e. to cover cost and not reflect any element of profit. Many providers will generate other income by offering additional hours and/or additional care, for example for under 2s or for older children in out-of-school hours or holiday clubs.

Proposals

- 4.1 The DfE has acknowledged that the current early years funding allocations are unfair and are not based on any data relating to cost of provision or historic spend. They have also accepted that funding rates vary significantly across the country without any basis for this variation. Through the proposed new formula they have sought to increase funding to the lowest paid local authorities and provide a more even allocation of funding across the country.
- 4.2 The proposals for 2017-18 are that the funding rates, on which the allocation of funding to Shropshire for three- and four-year-old provision is based, will increase to £4.30 phpc whilst the funding rate for two-year-old will increase to £5.09 phpc.
- 4.3 The intention is for all providers to be funded in the same way from April 2017 onwards. The majority of the new funding formula, at least 90% in total, must be made up of a single base rate and local authorities will have some discretion over the use of certain supplements within the remaining 10% of the formula.
- 4.4 The DfE have determined that local authorities can only retain a maximum of 5% of the total two-, three- and four-year-old allocation for central expenditure and that, therefore, at least 95% of the allocated funding must be passed on to providers. Shropshire Council is proposing that the authority continues to limit the amount retained centrally to 3% of the total allocation of funding for three- and four-year-olds and that it continues not to retain any element of the funding for two-year-olds.
- 4.5 The DfE have made the inclusion of a deprivation supplement mandatory within the new funding formula. For 2017-18 the local authority is proposing to retain the current basis for the calculation of deprivation funding to individual settings. It is also proposed to continue to allocate £300,000 of the overall funding block to the deprivation supplement. This figure represents approximately 2.5% of the total indicative early years funding for the three- and four-year-old entitlement for 2017-18.
- 4.6 However it is recognised that the funding methodology for the deprivation supplement needs to be fully reviewed to ensure that it remains robust and continues to passport funding to the children who need it most. It is proposed that this will be fully reviewed over the course of the next 12 months with a view to implementing a new deprivation supplement at the start of the financial year 2018-19.

- 4.7 Deprivation will be the only mandatory supplement in 2017-18. The DfE has allowed local authorities discretion to use any number of the following supplements as long as the total amount used on funding supplements does not exceed 10% of the total funding formulae:
- a) **Rurality/sparsity**
A rurality/sparsity or sustainability supplement is permitted to allow local authorities to support providers serving rural areas less likely to benefit from economies of scale.
 - b) **Flexibility**
A flexibility supplement is permitted to support providers in offering flexible provision for parents. This could, for example, be childcare wraparound care, out-of-hours provision or to encourage a particular type of provider in an area (such as to meet a need for childminders in an area).
 - c) **Quality**
A quality supplement is permitted to either:
 - support workforce qualifications, or;
 - support system leadership (supporting high quality providers leading other providers in the local area)
 - d) **English as an additional language (EAL)**
An English as an Additional Language (EAL) supplement is permitted.
- 4.8 Shropshire Council are proposing to continue to allow for rurality/sparsity as a sustainability supplement within the local funding formula. This is important to sustain provision in more rural areas where numbers of children on roll will not always generate sufficient income to cover the core costs of the local providers. Early years provision forms an important part of many small, rural communities across the county and so the local authority aims to sustain as much existing provision as is possible.
- 4.9 Within the current early years funding formula the local authority allocates around £500,000 in total toward the sustainability supplement. The extension of the free entitlement makes it difficult to predict the need for sustainability funding in the new financial year. In order to allow flexibility to support providers as far as possible, it is proposed to continue to allocate the same total amount of funding to the sustainability supplement in 2017-18. This figure represents approximately 4% of the total indicative early years funding for the three and four-year-old entitlement for 2017-18.
- 4.10 In order to ensure that as much of the remaining funding as possible is passed onto the wide range of providers across the county, it proposed not to include any further supplements within the local formula. The implementation and monitoring of additional systems, policies and procedures required to include other supplements would result in greater amounts of administration than would be worthwhile. The intention is to instead allocate the maximum amount of funding possible to each individual child and then leave providers to determine how best to use that funding to meet the needs of the children within the setting.

4.11 Summary table of current funding and future proposals:

	2016-17	Indicative 2017-18
Allocation for 3 and 4 year olds	£7,325,432	£11,740,208
Centrally retained (3% in 2017-18)	£222,460	£352,206
Total funding passed on to providers	£7,102,972	£11,388,002
Sparsity/sustainability (4.5 % in 2017-18)	£500,000	£500,000
Deprivation (2.5% in 2017-18)	£300,000	£300,000
Amount allocated through hourly per pupil funding	£6,302,972	£10,688,002
Allocation for 2 year olds	£1,870,645	£2,005,047

Conclusion

- 5.1 The views of Forum are welcomed to the early years national funding formula consultation questions set out in the Appendix to this paper in order to help inform our plans for implementation of the new formula.

This page is intentionally left blank

Early Years Funding Formula Consultation Questions

Q1 Do you agree that we continue to fund deprivation in the same way for the next financial year on the understanding that a full review of the deprivation supplement will be carried out during that period?

Yes

No

Do you have any further comments to add in respect of this proposal?

Q2 Do you agree that we continue to allocate the same total amount of funding (currently £300,000) for the deprivation supplement for the next financial year?

Yes

No

Do you have any further comments to add in respect of this proposal?

Q3 Do you agree that rurality/sparsity should be a factor within our local formula?

Yes

No

Do you have any further comments to add in respect of this proposal?

Q4 Do you agree that we continue to allocate the same total amount of funding (currently £500,000) for this supplement for the next financial year?

Yes

No

Do you have any further comments to add in respect of this proposal?

Flexibility

Q5 Do you agree that flexibility should NOT be a factor in the new local formula?

Yes

No

Do you have any further comments to add in respect of this proposal?

Quality

Q6 Do you agree that quality should NOT be a factor in the new local formula?

Yes

No

Do you have any further comments to add in respect of this proposal?

English as an additional language (EAL)

Q7 Do you agree that EAL should NOT be a factor in the new local formula?

Yes

No

Do you have any further comments to add in respect of this proposal?

Q8. Do you have any further comments to make in relation to the proposals contained in this document?