



Schools Forum

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Paper

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Consultation on Central Retention of Dedicated Schools Grant from April 2018

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Summary

In 2013-14 school funding reforms required increased delegation to maintained schools and academies. Regulations were introduced to allow maintained mainstream primary and secondary schools the option to de-delegate certain delegated budgets to be held and managed centrally, subject to a Schools Forum decision by the representatives of each sector. De-delegation does not apply to academies, special schools or pupil referral units.

From 2017-18, Schools Forums have been able to agree to de-delegate further funding for additional school improvement provision for maintained schools.

In addition, maintained mainstream primary and secondary schools can agree to a top-slice to their delegated funding, to allow for the central retention of funding for statutory services for maintained schools provided by the local authority, previously funded from general duties Education Services Grant (ESG), which was removed in September 2017. Top-slicing is also subject to a Schools Forum decision by the representatives of each sector.

All Shropshire maintained mainstream schools were consulted on the options for de-delegation and top-slicing for the 2018-19 financial year. The consultation period ran until Friday 24 November 2017.

Recommendation

That Schools Forum consider the consultation responses received from Shropshire maintained mainstream schools, attached to, and summarised within, this report and make decisions on de-delegation and top-slicing for centrally retained services for 2018-19.

REPORT

Background

1. Schools Forum is required to take decisions, on an annual basis, on the de-delegation of certain delegated budget areas since school funding reforms required increased delegation to schools through the schools funding formula. From 2017-18, Schools Forum is also required to take a decision on the de-delegation of further funding for additional school improvement provision for maintained schools, previously funded through Education Services Grant (ESG) to local authorities which was removed from September 2017.
2. With the loss of the general duties element of the ESG, school finance regulations also allow local authorities to top-slice school budgets for certain services provided centrally, previously funded from ESG, again subject to the approval of Schools Forum.
3. All Shropshire mainstream maintained schools were consulted on the de-delegation and top-slicing options for the 2018-19 financial year. The consultation period closed on Friday 24 November 2017. The full consultation document is attached as Appendix A to this report and the detailed consultation responses attached at Appendix B and summarised within this report. Responses were received from 29 individual maintained schools (27 primary, 2 secondary). This represents 26.9% of the 108 mainstream maintained schools as at 24 November 2017.
4. The impact in 2017-18 of the decisions taken by Schools Forum are summarised in the table below:

Table – De-delegation and Top-slicing 2017-18

Decision	Total	Primary Per Pupil	Secondary Per Pupil
De-delegation (maintained primary and secondary):			
10% pupil growth contingency	£320,230	£18.52	-
Maternity cover	£499,260	£21.98	£21.98
Fidelity guarantee insurance	£22,760	£0.90	£1.33
Trade union duties	£50,020	£1.93	£3.07
School improvement (primary)	£189,190	£10.94	-
School improvement (secondary)	£10,810	-	£2.26
Top-slice (maintained primary and secondary):			
Redundancy fund	£450,000	£19.81	£19.81
Statutory school finance	£30,000	£1.32	£1.32
Statutory human resources and health and safety	£100,000	£4.40	£4.40
Education welfare and inclusion	£254,700	£11.21	£11.21

De-delegation

5. Details of each of the areas de-delegated in 2017-18 with Schools Forum approval were included within the consultation document for 2018-19. Views were sought from Shropshire maintained schools on whether de-delegation should continue in 2018-19.

10% Pupil Growth Contingency

6. Schools Forum has previously agreed the de-delegation of a contingencies budget to allow additional funding to be targeted at maintained primary schools where their pupil number increases by at least 10% of their funded number on roll. Additional funding allocated from the contingency budget takes into account a school's minimum funding guarantee allocation and the additional expenditure incurred by the school as a direct result of the increased numbers.
7. This de-delegated contingency budget was increased for 2017-18 to £320,230 to allow for an annual budget of £240,000 and cover the overspend in 2016-17. Current monitoring of the 2017-18 de-delegated budget estimates 2017-18 expenditure will remain within the £240,000 budget.
8. Setting the pupil growth contingency budget at £240,000 for 2018-19 would result in estimated de-delegation per pupil (based on October 2017 numbers on roll) of £15.19 for maintained primary schools, compared to £18.52 in 2017-18. There is no de-delegation for maintained secondary schools.
9. Consultation responses from Shropshire maintained schools in relation to the de-delegation of the 10% pupil growth contingency are detailed within Appendix B and summarised below.

	De-delegate as in previous years	De-delegate but review 10% threshold	No de-delegation	Total Responses
Responses in favour	8 (38.1%)	3 (14.3%)	10 (47.6%)	21

10. Maintained primary school representatives on Schools Forum are required to make a decision on whether to de-delegate funding from maintained primary school budgets for a pupil growth contingency for maintained primary schools in 2018-19.

Maternity

11. Schools Forum has also previously agreed the de-delegation of the maternity budget. This centrally held budget funds the salary costs of any member of school staff on maternity leave, leaving the school budget liable for only the costs of the replacement employee.

12. This de-delegated budget was increased in 2017-18 to £499,260 to allow for an annual budget of £410,000 and cover the overspend in 2016-17. Current monitoring of the 2017-18 de-delegated maternity budget estimates 2017-18 expenditure of £412,000.
13. Retaining the maternity budget at £410,000 for 2018-19 would result in estimated de-delegation per pupil (based on October 2017 numbers on roll) of £19.50 for maintained primary and secondary schools, compared to £21.98 on 2017-18.
14. Consultation responses from Shropshire maintained schools in relation to the de-delegation of the maternity budget are detailed within Appendix B and summarised below.

	De-delegate as in previous years	No de-delegation	Total Responses
Responses in favour	21 (91.3%)	2 (8.7%)	23

15. Maintained school representatives on Schools Forum are required to make a decision on whether to de-delegate funding from maintained primary and secondary school budgets for a centrally managed maternity budget in 2018-19.

Fidelity Guarantee Insurance

16. Schools Forum has previously agreed the de-delegation of the insurance budget. This centrally held budget covers loss of money, securities or other property resulting from one or more fraudulent or dishonest acts committed by a employee or as a result of computer fraud.
17. This is a relatively small de-delegated budget of £23,280 in 2017-18. Current monitoring of the 2017-18 de-delegated insurance budget estimates expenditure will remain within the £23,280 budget.
18. De-delegation rates would remain at 2017-18 levels of £0.84 per primary pupil and £1.26 per secondary pupil if the decision is taken to de-delegate for 2018-19, reflecting the direct correlation between the number of maintained schools and the insurance liability. This would deliver an estimated fidelity guarantee budget (based on October 17 numbers on roll) for 2018-19 of £19,850.
19. Consultation responses from Shropshire maintained schools in relation to the de-delegation of the insurance budget are detailed within Appendix B and summarised below.

	Fully delegate, no de-delegation	Total Responses
Responses in favour	22 (100.0%)	22

20. Maintained school representatives on Schools Forum are required to make a decision on whether to de-delegate funding from maintained primary and secondary school budgets for a centrally managed fidelity guarantee insurance budget in 2018-19.

Trade Union Duties (referred to as facilities time)

21. Schools Forum agreed to de-delegate the trade union duties (more commonly referred to as facilities time) budget in previous years. This centrally held budget covers the costs of trade union representatives supporting their members in maintained schools.
22. This de-delegated budget was £50,020 in 2017-18. Current monitoring of the 2017-18 de-delegated trade unions duties budget estimates expenditure will remain within the £50,020 budget.
23. De-delegation rates would remain at 2017-18 levels of £1.93 per primary pupil and £3.07 per secondary pupil if the decision is taken to de-delegate for 2018-19, reflecting the direct correlation between the number of maintained schools and the facilities time provision required for maintained schools. This would deliver an estimated trade union duties budget (based on October 17 numbers on roll) for 2018-19 of £46,540.
24. Consultation responses from Shropshire maintained schools in relation to the de-delegation of the trade union duties budget are detailed within Appendix B and summarised below.

	De-delegate as in previous years	Fully delegate with no de-delegation	Total Responses
Responses in favour	22 (95.7%)	1 (4.3%)	23

25. Maintained school representatives on Schools Forum are required to make a decision on whether to de-delegate funding from maintained primary and secondary school budgets for a centrally managed trade union duties budget in 2018-19.

School Improvement

26. For 2017-18 Schools Forum agreed to de-delegate £189,190 from maintained primary schools and £10,810 from maintained secondary schools to secure the ongoing statutory school improvement support through the Education Improvement Service (EIS).
27. Reducing the school improvement budget to £150,000 for 2018-19 would result in estimated de-delegation per pupil (based on October 2017 numbers on roll) of £9.15 for maintained primary schools and £1.03 for maintained secondary schools, compared to £10.94 and £2.26 respectively in 2017-18.

28. Consultation responses from Shropshire maintained schools in relation to the de-delegation of the school improvement support budget are detailed within Appendix B and summarised below.

	De-delegate based on a per capita charging model	De-delegate based on a 50% fixed element and 50% variable element	Total Responses
Responses in favour	8 (47.1%)	9 (52.9%)	17

29. Maintained school representatives on Schools Forum are required to make a decision on whether to de-delegate funding for school improvement support from maintained primary and secondary school budgets on a per capita basis or on a 50% fixed and 50% variable element basis.

Free School Meal Eligibility, Public Duties and Library and Museums Strategic Management

30. Schools Forum has previously agreed not to de-delegate the administration of free school meal eligibility. This service is offered to schools on a traded basis by the local authority.
31. In addition, Schools Forum has previously agreed not to de-delegate the public duties or the library and museum services strategic management budgets. Schools are therefore currently responsible for meeting these costs from within their individual delegated budgets.
32. This report recommends these arrangements continue.

Top-slicing

33. These support areas for maintained primary and secondary schools were, prior to 2017-18, funded from the general duties element of the ESG.
34. With the removal of the general duties element of the ESG to local authorities from September 2017, Schools Forum determined that, for 2017-18, funding would be top-sliced from individual school budgets and retained centrally in order to provide continuity of provision for maintained schools.

Redundancy Fund

35. The redundancy fund underwrites the costs of premature retirement and redundancy of staff in maintained schools.
36. Top-slice rates would remain at 2017-18 levels of £19.81 per primary and secondary maintained pupil if the decision is taken to de-delegate for 2018-19, reflecting the direct correlation between the number of maintained schools and the redundancy budget required for maintained schools. This would deliver an

estimated trade union duties budget (based on October 17 numbers on roll) for 2018-19 of £416,500.

37. Consultation responses from Shropshire maintained schools in relation to the top-slicing of the redundancy budget are detailed within Appendix B and summarised below.

	Top-slice funding	Fully delegate, no top-slice	Total Responses
Responses in favour	21 (91.3%)	2 (8.7%)	23

38. Maintained school representatives on Schools Forum are required to make a decision on whether to top-slice a centrally held redundancy budget from maintained primary and secondary school budgets.

Statutory School Finance

39. The statutory school finance budget underwrites the costs of officer support for statutory financial functions on behalf of maintained schools.
40. This is an area in which it is difficult to present an option for schools to assume delegated responsibility or to offer an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided.
41. Top-slice rates for the statutory school finance function are estimated to be (based on October 2017 numbers on roll) £1.43 per primary and secondary maintained pupil for 2018-19.
42. Consultation responses from Shropshire maintained schools in relation to the top-slicing of the statutory school finance budget are detailed within Appendix B and summarised below.

	Top-slice funding	Total Responses
Responses in favour	20 (95.2%)	21

43. Maintained school representatives on Schools Forum are required to make a decision on whether to top-slice a centrally held statutory school finance budget from maintained primary and secondary school budgets.

Statutory Human Resources and Health and Safety

44. The areas of support covered by the £100,000 top-sliced in 2017-18 include health and safety, occupational health, recruitment, payroll and contracts, as well as HR advice. A proportion of this centrally retained funding underwrites the costs of the statutory functions outlined in the Recruitment, Payroll and Contracts Service Level Agreement (SLA). In addition a significant proportion of this centrally retained funding underwrites the Health and Safety and Occupational Health SLA.

45. Given the statutory nature of the support provided through this budget, the only option presented for consultation was the continued top-slice on 2017-18 per pupil rates of £4.40 per maintained primary and secondary pupil.
46. Consultation responses from Shropshire maintained schools in relation to the top-slicing of the statutory HR and health and safety budget are detailed within Appendix A and summarised below.

	Top-slice funding	Total Responses
Responses in favour	22 (95.6%)	23

47. Maintained school representatives on Schools Forum are required to make a decision on whether to top-slice a centrally held statutory HR and health and safety budget from maintained primary and secondary school budgets.

Education Access Service

48. The 2017-18 top-slice partly funds education welfare delivered through the Education Access Service (EAS). It provides maintained schools with access to all EAS support.
49. Current monitoring of the EAS budget indicates a top-slice of £227,130 is sufficient for 2018-19, compared to £254,700 in 2017-18.
50. Reducing the EAS budget to £227,130 for 2018-19 would result in estimated de-delegation per pupil (based on October 2017 numbers on roll) of £10.80 for maintained primary and secondary schools, compared to £11.21 in 2017-18.
51. Consultation responses from Shropshire maintained schools in relation to the top-slicing of the EAS budget are detailed within Appendix B and summarised below.

	Top-slice funding	No top-slice, buy-back arrangements offered	Total Responses
Responses in favour	16 (76.2%)	5 (23.8%)	21

52. Maintained school representatives on Schools Forum are required to make a decision on whether to top-slice a centrally held budget for EAS from maintained primary and secondary school budgets or to fully delegate and offer buy-back arrangements.

Additional Area for Consideration

Multicultural Development Team

53. To date the budget for the Multicultural Development Team has not formed part of the de-delegation or top-slicing decision making process. The funding for this service comes from the High Needs Block of the DSG. It is proposed from April 2018 that maintained schools secure support from MDT on a traded basis.
54. Consultation responses from Shropshire maintained schools in relation to the options for procuring MDT support from April 2018 are detailed within Appendix B and summarised below.

	Council continues to procure MDT services from HN Block	Maintained schools budgets charged based on level of provision required	Total Responses
Responses in favour	7 (33.3%)	14 (66.7%)	21

55. Maintained school representatives on Schools Forum are required to make a decision on whether to continue current arrangements for procuring MDT support from the High Needs Block budget or to charge maintained school budgets based on their level of MDT provision required.