Schools Forum	Paper
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CENTRAL RETENTION OF DEDICATED SCHOOLS GRANT FROM APRIL 2027

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Introduction

1. On behalf of Shropshire Schools Forum, the views of maintained schools are being sought on the central retention of Dedicated Schools Grant (DSG) in the next financial year, 2027-28. Schools Forum is committed to consulting with maintained schools ahead of a Forum meeting on 10 December 2026, at which decisions on the de-delegation and top-slicing of DSG from April 2027 will be taken.

Background

2. Schools Forum is a legally constituted advisory and consultative group, made up of representatives from the maintained, academy and wider education sectors, who work with the local authority on issues related to school funding. One of their key areas of work is in relation to the school funding formula and the retention of a small part of the overall DSG to underwrite the costs of services, centrally managed by the local authority on behalf of maintained schools, given the economies of scale and value for money for schools this can realise.

   The Government's school revenue budget settlement guidelines allow local authorities, following consultation with the maintained schools' community and with Schools Forum approval, to centrally retain DSG through de-delegation and top-slicing. These retention methods are as follows:

   • De-delegation – centrally held budgets within the Schools Block of DSG can be de-delegated from maintained schools by the sector representatives on Schools Forum, with decisions taken on an annual basis.

   • Top-slicing – in December 2016 the Government's school revenue settlement allowed local authorities to retain some of their Schools Block of DSG to carry out statutory duties for maintained schools, previously funded through general duties Education Services Grant (ESG), which was removed in September 2017.

   The impact in 2026-27 of the decisions taken by Schools Forum in December 2025 are summarised in the table below:

Decision	Total	Primary Per Pupil (£)	Secondary Per Pupil (£)	Lump Sum (£)
De-delegation (maintained primary and secondary)				
Pupil Growth Contingency	**£40,000**	5.84	N/A	
Maternity Cover	**£334,490**	45.41	45.41	
Trade Union Duties	**£29,070**	3.95	3.95	
School Improvement (Primary)	**£105,780**	8.59	N/A	902
School Improvement (Secondary)	**£550**	N/A	1.08	N/A
Total	**£509,890**			

Top-slice (maintained primary and secondary)	Total	Primary Per Pupil (£)	Secondary Per Pupil (£)	
Redundancy fund	**£155,200**	21.07	21.07	
Statutory Schools Finance	**£32,930**	4.47	4.47	
Statutory HR and health and safety	**£70,000**	9.50	9.50	
Education Welfare and inclusion	**£185,840**	25.23	25.23	

3. This consultation document will examine each of the areas for which delegated funds are taken from maintained schools and seek views on a number of options for how to proceed on each in 2027-28. A simple return has been produced for collecting feedback from schools, which will be collated and inform the report that will be produced for the decision-making meeting of Schools Forum on 10 December 2026. The consultation will run until Wednesday 2nd December 2026. It is important to understand that Schools Forum has the choice, for each budget area, between de-delegating/top-slicing or not. This means that any decisions taken will impact on all maintained schools from April 2027.

De-delegation

4. This section looks at each of the support areas for which funding can be de-delegated from maintained schools. Historically, reports have been taken to the late autumn term meetings of Schools Forum to secure formal decisions for the following financial year.

5. An important consideration when looking at whether a budget should be de-delegated, is the impact on schools resulting from delegation, because with delegation comes responsibility. This means that the responsibility for the delegated budget line – for example, paying for staff maternity cover – transfers to the school and any costs have to be met from the school's delegated budget. The de-delegated funds have therefore provided something of an insurance policy for schools against one-off hits to their budget, which can have a significant impact on schools with tight budgets and modest contingencies.

Pupil growth contingency – primary only

6. A contingencies budget de-delegated from maintained primary schools to allow additional funding to be targeted at schools where pupil numbers increase by at least 15% of their funded number on roll. Controls limit allocations to actual additional costs incurred by a school as a direct result of increased pupil numbers. A key consideration is delegated responsibility. In this case, by not de-delegating, there would be no contingency for pupil growth from April 2027 and so schools would have to absorb cost pressures until the increased pupil numbers worked through from the school census in October 2027, which would result in an increased delegated budget from April 2027.

7. **Pupil growth contingency - options for 2027-28:**

   a. De-delegate funding from primary maintained schools a sum of £40,000 with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2027-28 are set.

   b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding pupil growth from their individual delegated budgets from April 2027.

Maternity cover

8. Funds the salary costs of any member of school staff on maternity leave in the maintained primary and secondary sector, meaning the schools are only liable for the costs of the replacement employee. A decision not to de-delegate this budget from April 2027, would mean that maintained schools would be responsible for meeting all maternity pay costs of school staff from their individual delegated budgets. Schools would need to carefully consider the flexibility and 'headroom' within their budget (including reserves), as well as the age profile of their female staff. In financial planning terms this can be challenging, given the difficulty of predicting the need for maternity leave. Current projections indicate that the de-delegated budget of £334,490 will be overspent**,** therefore the per pupil rates in 2026-27 can be increased above the current level of £45.41 in 2026-27. Based on an average of 2026-27 forecast expenditure and 2025-26 actual expenditure, a budget of £343,000 could be required in 2027-28. The current per pupil rate could increase to £46.57 in 2027-28.

9. **Maternity cover - options for 2027-28:**

   a. De-delegate funding from maintained schools as in previous years, with per pupil sums determined by outturn position in 2026-27 – as an overspend is forecast the per pupil rate in 2026-27 can increase from the current level of £45.41 to £46.57 estimated**.**

   b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding maternity cover from their individual delegated budgets from April 2027.

Trade union duties (referred to as facilities time)

10. This funding is de-delegated for the costs of trade union representatives supporting their members in maintained schools through what is commonly referred to as facilities time. The funding provides cover for, among other things: carrying out trade union duties, attending union training, undertaking health and safety functions, and accompanying members attending hearings, for example disciplinary or grievance. It is the view of the local authority that this would not be as effective and efficient an arrangement as that which could be secured through continuation of de-delegation..

11. **Trade union duties - options for 2027-28**

    a. De-delegate funding from maintained schools as in previous years, with the per pupil cost of £4.09 which has been increased by an inflationary uplift figure of 3.5%

    b. Fully delegate funding and responsibility to maintained schools, meaning that local arrangements for facilities time would need to be secured by individual schools and/or groups of schools in collaboration with trade unions

School improvement

12. For 2026-26, Schools Forum agreed to de-delegate £105,780 from maintained primary schools and £550 from maintained secondary schools to secure ongoing statutory school improvement support for the year through the Education Quality and Safeguarding Team (EQS). The de-delegation option for 2027-28, being presented to maintained schools for consultation, will secure the ongoing provision of school improvement services for maintained schools. For the last few years the de-delegation from primary maintained schools was done on a fixed/variable basis, with a fixed sum of £902 per site and a variable element of £8.59 per primary pupil. The impact of this option is that larger schools would retain more of their delegated funds, while more funding would be recovered from smaller schools, but is potentially more appropriate based on the support each maintained school receives. The number of maintained schools is currently 53. For secondary schools there will only be 1 maintained secondary school from April 2027.

    This is historically an area of support in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. However, there are two options presented for this year, reflecting a suggestion made at the most recent maintained headteachers' group in Autumn 2026. This first option being presented is for the continued de-delegation of funding for this statutory support, but at a slightly increased unit cost. The second option also includes the development of a new school improvement and development fund, overseen through maintained headteachers' forum, to provide for a collective resource to fund high-quality CPD for school leaders through termly events, speakers and training opportunities.

13. **School improvement - option for 2027-28:**

    a. De-delegate funding from primary maintained schools, levels of a fixed element of £902 per site and a variable element of £8.89 per pupil which has been increased by an inflationary uplift figure of 3.5%. De-delegation for the remaining secondary maintained school will be based on a per pupil unit value of £1.12.

    b. De-delegate funding from primary maintained schools, levels of a fixed element of £1102 per site and a variable element of £8.89 per pupil which has been increased by an inflationary uplift figure of 3.5%. De-delegation for the remaining secondary maintained school will be based on a per pupil unit value of £1.12. This makes for the development of a new Shropshire maintained schools school improvement and development fund which will be directed and monitored by Shropshire maintained heads through maintained schools forum for the collective benefit of maintained schools in Shropshire.

Top-slicing

14. This section looks at each of the support areas for which funding has been top-sliced from maintained schools. These support areas were previously funded from general duties Education Services Grant and so, in the knowledge that this grant funding was being removed by the Government in September 2017, Schools Forum determined funding would be centrally retained in order to provide continuity of provision for maintained schools. This was based on

the understanding and commitment to fully consult with schools on what would happen in each subsequent year, hence this consultation on top-slicing from April 2027.

Redundancy fund

15. This fund underwrites the costs of premature retirement and redundancy of staff in maintained schools. Schools Forum supported the principle of retaining a central fund for redundancy costs in maintained schools in previous years. In 2025-26 the contribution was reduced to £21.07 per pupil in maintained schools. A decision not to top-slice funding from April 2027 would mean that individual maintained schools would be liable for meeting any redundancy costs from their delegated budget. This would present a potential financial risk and significant challenge for schools struggling to manage their budgets in year and with low levels of school balances to draw upon. Schools in the academy sector already face these financial challenges and so have to plan carefully and in a timely manner to manage such costs. The costs of redundancy can vary significantly dependent on the grade of staff and length of service. Current projections indicate that the top-sliced budget of £155,200 will be slightly overspent with current year to date expenditure totaling £156,877**,** therefore the per pupil rates in 2026-27 can be increased above the current level of £21.07 in 2027-28

16. **Redundancy fund - options for 2027-28**:

    a. Top-slice funding from maintained schools as in 2026-27, with per pupil sums determined by outturn position in 2026-27 i.e. an overspend or underspend in 2026-27 will affect the per pupil rate in 2026-27.

    b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding all redundancy costs from their delegated budget from April 2027.

Statutory school finance

17. This centrally retained funding underwrites the costs of officer support for statutory financial functions on behalf of maintained schools, including: the monitoring and control of school balances; advice and support to schools in financial difficulties; challenge to schools who are not exercising appropriate financial controls, and appraising and approving licensed budget deficits. With 53 maintained schools in Shropshire, the workload in this area is significant. This is an area in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

18. **Statutory school finance - option for 2027-28**:

    a. Top-slice funding from maintained schools, as in 2026-27, with the per pupil cost of £4.63 which has been increased by an inflationary uplift figure of 3.5%.

Statutory human resources and health and safety

19. A number of statutory and regulatory functions in the area of human resources and occupational health and safety were previously funded through general duties Education Services Grant. This is primarily because 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 can secure advisory support through annual service level agreements, the costs of the functions previously funded through the general duties ESG are not costed into these agreements. The areas of support covered by the £70,000 top-sliced in 2026-27 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 SLAs. Such funding is required in order for the local authority to comply with its duties as the employer under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions. It is the view of the local authority that compliance with the above legislation cannot reasonably be achieved through tasks delegated to the governing bodies of schools. The centrally identified funding includes expenditure incurred by the local authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice. The local authority view is that the above areas are difficult to present as an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

20. **Statutory human resources and health and safety - option for 2027-28:**

    a. Top-slice funding from maintained schools, as in 2026-27, with the per pupil cost of £9.83 which has been increased by an inflationary uplift figure of 3.5%.

Education Access Service

21. The top-slice in 2026-27 is partly funding education welfare, delivered through the Education Access Service (EAS). The service also receives income from trading with academies. The top-slice provides maintained schools with access to all EAS support including education welfare, attendance and inclusion/exclusion officers, child employment services and performance licensing.

22. The main alternative to top-slicing maintained school budgets is to move to a fully traded service from April 2027.

23. There are risks to maintained schools of not opting into a traded arrangement. They would need to be confident that they have the skills and underpinning knowledge they require within their own setting, or where they can secure this support from elsewhere and at what cost.

Education Access Service - options for 2027-28:

    a. Top-slice funding from maintained schools, as in 2026-27, with the per pupil cost of £26.11 which has been increased by an inflationary uplift figure of 3.5%.

    a. Fully delegate funding and responsibility to maintained schools, presenting buy-back arrangements through service delivery agreements from April 2027 for those seeking to secure ongoing education welfare and inclusion support for the statutory areas currently covered by the top-slice