

Grant level of £1,447,000. (Paragraph 6).

- (d) That central spend of £526,810 Early Years Team and £249,760 FIS team be approved for 2019-20 on the understanding that this is below the statutory limit of 5% of EY pupil rate. (Paragraph 7)
- (e) That the Early years Inclusion fund remains at £250,000
- (f) That the Early Years contingency fund remains at £100,000
- (g) A primary school de-delegation of £100,000 (£6.40 per pupil) continues as for 2018-19. (Paragraph 8). **Maintained primary school members only may vote.**
- (h) A de-delegation for Trade Union Duties of £6.50 (£117,500) per pupil for 2019-20, a reduction on the £7.50 of 2018-19. (Paragraph 8). **Maintained primary and secondary school members only may vote**
- (i) Forum endorse the recommendation of the Finance Group that the LA pursues the implementation of further cost reduction by serving notice on schools where Union Reps are based that re-imburement will be at supply cover rate only.

3. What is the issue?

- 3.1 School Forum has formal powers to approve the level of budget for certain centrally held expenditure. These powers do not extend to centrally managed budgets within the High Needs Block.
- 3.2 From 2018-19, and continued into 2019-20, the government have defined a new Central Services DSG (Dedicated Schools Grant) Block, which has its own DSG block allocation. However items still require Forum approval.
- 3.3 The full schedule of proposed centrally held budgets, together with proposed de-delegations is shown in **Appendix D**.

4. Growth Fund

- 4.1 The level of the growth fund is approved annually by School Forum. For 2019-20 the government are funding growth by means of a new national formula. The DfE have not yet announced what the Solihull allocation will be.
- 4.2 Most growth in respect of growing schools is now made through a pupil number variation whereby the October pupil count is adjusted for the expected increased September intake. The growth fund is therefore now used for one-off bulge classes, set up costs for new provisions, any other costs arising from approved school organisation changes.
- 4.3 For 2019-20, the need to fund bulge classes and other school growth developments is estimated at £250,000, however the recommendation is to set the fund at £350,000 to recover the £115,000 overspend from 2017-18. The growth fund was funded a year in arrears by government grant for 2018-19.
- 4.4 **Growth fund criteria:** School Forum also approves the criteria by which growth fund is allocated. The current criteria are shown in **Appendix C**.

5. Central Services Block

- 5.1 Solihull will receive a Central Services DSG allocation of £1,089,230 in respect of the following services:
 - School Admissions £245,924,

- Servicing of School Forum £70,200,
- Licensing Fees £174,810,
- Retained Duties - All schools £598,296

5.2 Note – admissions is an increase on 2018-19, reflecting ESFA advice that academies should not be charged for appeals service where a service is provided at no charge to maintained schools. Licensing fees – these are the licenses the DfE mandate that the LA must purchase on behalf of all schools within its area. The LA receives a charge from the EFA, and thus Forum are not required to approve this spending, but it is reported for information as it is part of the Central Services Block.

5.3 Finance group has a well-established review programme to receive annual reports on these central services.

5.4 **Retained Duties** covers the statutory functions that the LA must undertake in respect of the strategic management of education, including all pupils and schools in its area regardless of the status of the school. This is funded by means of a specific Central Services DSG formula allocation; it is not a top-slice of school budgets. In total, the actual budget is much greater than the DSG grant, therefore the LA will increase the amount of central services grant allocated to retained duties to match the available grant, until such point that the actual spend is in line with the grant.

5.5 Nonetheless School Forum are required to approve the level of spend on a line by line basis. **Appendix A** gives the government definitions of the areas of activity that count as being retained duties. **Appendix B** shows the estimated cost against a number of these activities. Note that compared to last year, the overall spend has reduced by 10%, however the spend remains significantly greater than the grant, which is funded by core council rather than the DSG.

5.6 **Recommendation:** Forum is asked to approve that the Central Services Block of £1,089,230 as set out in this report, noting that this is equal to the amount of DSG grant received.

6. Central Services Block – historical commitments

6.1 Solihull will receive a Central Services DSG allocation of £1,447,000 in respect of the following services:

- ExCom £60,300,
- Prudential Borrowing - North Programme £1,115,000,
- Combined Services £271,450

6.2 **ExCom** refers to the European grant funded facilities in the north of the borough. These facilities are now managed by Unity under a service level agreement, and the value requested represents the agreed annual figure in the SLA. The SLA has something like 19 years to run, until the grant conditions expire.

6.3 **Prudential borrowing** relates to the north Solihull school building programme, and represents the annual payments on a “bank loan” used to partially fund the project, as agreed by Forum in 2011.

6.4 **Combined services** – This is now a specific central block grant, and any savings will revert to the government rather than Solihull schools. All of these services have a number of common characteristics: they are individually quite small, often just a single officer or two, they are valued by schools, they are individually too small to have as a service package, it would be difficult to prevent access to a school that did not buy a service package.

6.5	Finance Group routinely receives annual reports on the activities of each of these provisions.
7.	Early Years Centrally retained budgets
7.1	The Early Years Block is ring-fenced, and there are regulatory limits on central spending that can be held centrally, that central spend can be no more than 5% of the per pupil hourly rate. The proposals for FIS team and Early Years team equate to 4.5%, so are within the limits.
7.2	Central Services – Early Years Team (£526,810) & FIS (Family Information Service) team (£249,760) total £776,570. Finance Group receives annual reports from each of these services.
7.3	Inclusion Fund £250,000 – the scheme has been operating since September 2017, and was underspent last year. There is a review by the SISS team about its operation but there was no indication from ESEND to reduce the budget – if anything the expressed view was that funding for individual pupils should be increased. Therefore it is recommended to remain at the 2018-19 level.
7.4	Contingency Fund – £100,000 - this is a “hedge” against in-year grant payments being greater than the EY budget. It is now clear there is grant uncertainty in-year, so a contingency is required to smooth funding between years to minimise the risk of hourly rate fluctuating from one year to the next..
8.	De-delegation – Maintained Schools only
8.1	Maintained school members of Forum must approve any proposals to de-delegate services from maintained schools. De-delegation is decided at Forum level and is then binding on all maintained schools within scope.
8.2	Solihull seeks continuing de-delegation of 2 items:
8.3	Contingency fund £100,000 - £6.40 per pupil – this funds items where a school could not be reasonably expected to deal with from their delegated budgets, (e.g. back dated claims for pension payments), and has also been used predominantly to fund staff exit costs arising from funding reductions.
8.4	Trade Union Duties . For 2019-20 a number of cost reductions have or are being implemented and the top-slice can be reduced to £6.50 (£117,500) from the current £7.50 per pupil (£135, 500) in 2018-19. During 2018-19, there were no takers for the “one-year discount” to encourage new schools to participate, so this won’t be offered in the future.
8.5	Finance Group have recommended that the local authority pursue further savings during 2019-20 by implementing the re-imburement for schools that employ union representatives to be at supply cover only rate rather than at actual pay.
9.	List of Appendices Referred to
9.1	Appendix A: Schools revenue funding 2019-20 - Operational guide July 2018 (ESFA Education & Skills Funding Agency) extract showing Retained duties definitions.
9.2	Appendix B: Solihull cost of retained duties
9.3	Appendix C: Rules for Growth fund allocations.
9.4	Appendix D: Schedule of financial totals of central service and proposed de-delegations.

9.5 Financial implications:

- (a) As outlined in the report above. For central block expenditure there is no impact on any school or EY provider budget. Central services are funded by a central services block grant that is no longer part of the Schools Block grant.
- (b) The central early years spend is within the limits allowed by the government
- (c) The top-slice for TU time is deemed essential by the LA. Whilst Solihull appreciates schools view the level of the top-slice as high, there is no doubt that such a top-slice is normal practice nationally.
- (d) The top-slice for primary contingency ensures no maintained primary school is exposed to a financial risk that would threaten their viability.

LA Responsibilities for all schools – statutory functions funded from central services schools grant

(Extract from Schools revenue funding 2019-20 - Operational guide July 2018 ESFA)

Statutory and regulatory duties

- Director of children's services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

Asset management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

Other ongoing duties

- Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of schools forums (Sch 2, 12)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

Solihull cost of retained duties

	2018-19 With O'hds Retained	2019-20 With O'hds Retained
	£000	£000
Children's Services		
SEIS Division		
SACRE	16	19
Strategic Planning	73	69
Vulnerable Needs	29	33
Safeguarding	248	232
EHE	61	0
LAC	12	12
Parents Champions	30	33
High Standards	49	45
SEND monitoring	65	62
	583	505
Access & Development Division		
Exclusions	40	11
Statutory School Data	32	47
School/ Census Data for Directorate - Analysis	74	58
Tribal Db	301	236
Projects for other Teams	0	40
School Intranet	53	53
Strategic IT - connectivity, contracts, tech developments	42	48
School Funding/Forum/DSG/Fin Scheme/EFA	25	27
Education Enforcement	162	115
	729	635
Management Division		
DCS and team	146	150
Total Children's Services	1,557	1,389
Corporate Services		
Asset Mgt	99	99
Financial Operations	7	7
ICT & Performance	7	7
Strategic Land	7	7
Strategy	7	7
Total Corporate Services	127	127
Total Retained Duties	1,684	1,516
Central Services Grant	-598	-598
Net spend over grant	1,086	918

Saving from previous year

168

As % of previous budget

10%

Growth Fund

Summary of method for allocating funding:

- Methodology 1: where a specific additional class is agreed: 7/12 of teacher value ($7/12 * £35,400$)
- Methodology 2: where 1/2 class of 15 pupils commissioned, in year 1 we will pay the cost of 0.5 or 1.0 fte teacher for 7/12 at standard £35,400, prorate from September to March. in year 2 we assess the actual pupils on roll, if there is a justification for a second class we will fund the difference between actual roll in that year group and whole numbers of 30 at per pupil rate of £1180 per pupil (30 pupils=£35,400). For example if extra class has 16 pupils, we will top up 14 pupils @ £1180 per pupil, and we continue this method until the bulge works its way through the infant phase. Funding will not continue into the junior phase.
- Methodology 3: we will consider contributing additional funds for furniture and equipment where a new class is established. Normally at a rate of £7,000 per class of 30. This is not paid where pupil number variation has been applied.
- Methodology 4: Where permanent pupil growth more than a single class (e.g. 2 classes), and a pupil number variation is not applied to the funding formula, in-year pupil growth funding will be the expected growth in pupils times the full AWPU factor times 7/12 for September intake. This sum is also expected to pay any class set-up costs.
- Methodology 5: a tailored approach specific to the needs of the school, e.g. a school facing growth across a number of year groups arising from housing developments, and the approaches above would not be appropriate.

Qualification for funding through the scheme is based upon principles as follows:-

1. Additional funding will be made available to schools and academies in circumstances where:-

- The Council carries out a formal consultation and approves to increase the capacity of a school.
- A school/academy carries out a formal consultation at either the request of the Council or supported by the Council.
- The Council requests a school/academy to increase their PAN to meet localised demand.
- A school/academy admits a significant increase in pupils to meet demand from new housing developments at the request of the Council.