

- (d) That central spend of £526,810 Early Years Team and £249,760 FIS team be approved for 2020-21, which is below the statutory limit of 5% of EY funding.
- (e) That the Early years Inclusion fund remains at £250,000
- (f) That the Early Years contingency fund remains at £130,000
- (g) A primary school contingency de-delegation of £6.40 per pupil (£100,400) continues as for 2019-20 (maintained schools only to vote)
- (h) A de-delegation for Trade Union Duties of **£6.00** per pupil for 2020-21, as agreed for 2019-20 (£6.50 in 2019-20, maintained schools only to vote)

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 As with 2019-20, the government have defined the Central School Services Block (CSSB) within the Dedicated Schools Grant (DSG). However certain items still require Forum approval.
- 3.3 Different rules apply to different elements of centrally held expenditure, and these rules are shown in Appendix A. Only items that apply to Solihull are shown.
- 3.4 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 2020-21 the government continue to fund growth by means of a national formula, however the DfE have not yet announced what allocations 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 growth fund was set at £500,000, which included provision for a growth fund overspend in 2017-18. For 2020-21, it is recommended the growth fund reverts to 2019-20 levels, £350,000.
- 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**.
- 4.5 For 2020-21 the application of pupil number variations will result in the following estimated additional funding through the national funding formula (subject to any final adjustments to the local implementation of the NFF in Solihull:

2019-20 Pupil Number Variation added to Census (*7/12)	Pupil Growth 2020-21 - Pupil Number Variations	September 2020 Additional Intake:	Pupil Number Variation added to Census (*7/12)	Cash Value from APT
0.00	Coleshill Heath	30	17.50	£74,854
17.50	Fordbridge	0	0.00	£0
17.50	Greswold Primary	30	17.50	£65,625
17.50	Kingshurst	30	17.50	£73,273
17.50	Olton Primary	30	17.50	£64,730
17.50	Sharmans Cross	0	0.00	£0
0.00	Shirley Heath Junior School	30	17.50	£65,625
0.00	St Augustines	30	17.50	£64,601
17.50	Tidbury Green	30	17.50	£60,922
35.00	Arden	60	35.00	£175,000
17.50	Tudor Grange Academy	30	17.50	£87,500
157.50			175.00	£732,130
105.00	Total Primary		122.50	£469,630
52.50	Total secondary		52.50	£262,500
157.50			175.00	£732,130

5. Central School Services Block (CSSB)

5.1 Solihull will receive a CSSB allocation of £1,118,350 in 2020-21, an increase of £21,100 over 2019-20. The proposed allocations are:

- School Admissions £253,940
- Servicing of School Forum £91,300
- Licensing Fees £174,810
- Retained Duties - All schools £598,300

5.2 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 School Forum and School Admissions.

5.4 The proposed increase for school forum reflects the intention to continue to compensate the school that hosts the Chair of SSAB. This was funded from the grant for school collaboratives, but this is no longer possible for 2020-21.

5.5 **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.

- 5.6 Nonetheless School Forum will be interested in 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 local authority spend has reduced by a further 7%, however the spend remains significantly greater than the grant, which is funded by core council rather than the DSG.
- 5.7 **Recommendation:** that Finance Group recommends to Forum that the Central Services Block of £1,118,350 is approved 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 £1,157,600 for 2020-21, a reduction of £289,400 from 2019-20 in respect of the services set out in paragraph 6.4 below.
- 6.2 The cash reduction to Historic Commitments of 20% for 2020-21 is significant, as it includes the annual Prudential Borrowing repayment to the Council and affects services being provided directly to schools. The DFE have stated LA's may write formally to the ESFA on this matter. They have offered no solution, other than to state that LAs may seek a disapplication to move funds from the schools block which is not, in the current climate, a viable option for Solihull. Because of the level of the Prudential Borrowing cost, a simple 20% reduction across all commitments will be insufficient to meet the cash reduction.
- 6.3 The reduction is framed by the DFE as reflecting a budget reduction from the treasury, which is why they have not consulted. However, they state it is consistent with their policy of seeking to remove funding from historic commitments as the commitments should be "winding down". They have said no conclusions can be drawn about reductions in future years. As the government did not consult there was no opportunity for Solihull to make representations.
- 6.4 The current breakdown of the Combined Services Block budget is attached along with a description of each.
- 1) Prudential Borrowing**
This commitment results from the significant investment made to the primary schools estate in the North Solihull. **It has to be a first call on this budget.**
- 2) Excellence in the Community**
This is a legacy issue from a previous government initiative whereby we need to maintain several 'Excellence in the Community' centres in the north of the borough, currently under a SLA with the Unity collaborative. Part of this revolves around the running costs for the centres based on a flat rate per site totalling £32,500.

The local authority intends to include this element in future in the individual schools budget share given that these facilities are in some cases integral to the school building and/or can be used by them. This does shift £32,500 to the schools block, leaving a historic commitments contribution to be made of £27,800
- 3) LSCP Annual Contribution**
We now have a new Local Safeguarding Children Partnership (LSCP) following the introduction of 'Working Together to Safeguard Children 2018' which introduced updated guidance based on the Children and Social Care Act 2017.

Under the new arrangements for the Partnership, education and schools will remain

a key focus via the Education and Learning Sub Group. This will contain representation from across the education sector. The statutory guidance states; "Schools, colleges and other educational providers have a pivotal role to play in safeguarding children and promoting their welfare. Their co-operation and buy-in to the new arrangements will be vital for success." The guidance also states "The safeguarding partners should make arrangements to allow all schools (including multi academy trusts), colleges and other educational providers, in the local area to be fully engaged, involved and included in the new safeguarding arrangements." The School Forum contribution is evidence of that commitment and support to the arrangements.

The LSCP is multi-agency funded. There is no formula or national advice on the level of partner contributions. This has always been agreed locally. The local authority is doubtful that schools should be asked on an individual basis to contribute to the LSCP.

4) Safeguarding Training

This is provided by the SEIS and is a key safeguarding requirement. It might be managed via a service package in future years or perhaps even by an on-line arrangement. There is some evidence that some schools already pay external providers to do this; however the Solihull approach does ensure a consistency and standard quality of safeguarding across all settings.

5) Health and Safety Training

This supports a wide rolling programme of H&S training and awareness specifically for school staff. It includes the CLEAPPS subscription fee (for H/S related support for the sciences etc. at c.£5,000 pa) and the School Trips IT system (at c.£7,000 pa).

6) Procurement Officer

This is designed to support procurement initiatives via a dedicated Officer that benefit all schools (e.g. grounds maintenance, cleaning etc.). It is thought to be well regarded, and complements procurement that takes place at both national and school level.

7) Records Management

This funds staff that support a rolling programme of records management services and access to off-site safe storage facilities.

8) Sports Development & Sports Federations

This supports borough wide sports, PE provision and inter-school games both locally and nationally. It supports the government's health initiative around daily activity and is well regarded by schools with over 10,000 pupils participating at all levels and sectors including Sixth Form. No contribution is proposed from the historic commitments budget for 2020-21. Although there could be potential for redundancies, this service is "for schools by schools" and the local authority believes it will be relatively straightforward to extend existing school sports funding arrangements to include this function.

9) Collaborative Funding

This covers funding allocated directly to collaboratives (£38,000), a project fund £20,000 and school compensation for Headteacher support to the Solihull Schools Strategic Accountability Board (£22,000 pa).

There are no directly employed staff. However the local authority believes it is correct

to continue to compensate the school in respect of the time input from the Chair of SSAB. This is proposed to continue from the Forum budget as out-lined in 5.4 above. The local authority proposes that the £80,000 from historic commitments grant ceases for 2020-21 as collaboratives are well placed to consider how their collaborative supports extra-school collaboration in the future.

6.5 The changes proposed above would save £139,550 out of the £289,400 needed. We have discussed this with both the Director of Resources and Deputy CEO and the Director of Children’s Services and Skills. As such they are willing to ‘match’ the reductions proposed and in effect subsidise the current historic commitments block to the value of £149,850. This will ensure that the level of service provision provided by the local authority is maintained at the current level for schools.

6.6 It is worth noting with Combined Services, as part of specific historic commitments grant, 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. There is full accountability - Finance Group routinely receives annual reports on the activities 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 95% 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, elsewhere on this agenda.

7.3 **Inclusion Fund** £250,000 – the scheme has only been operating since September 2017, and was underspent last year, there is a review by the SISS team about its operation considered at the EDSSEND meeting on 28 November 2019. It is recommended to remain at the 2019-20 level.

7.4 **Contingency Fund** – £130,000 - 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.

7.5 Any underspend on Inclusion fund or contingency fund is netted off against any overall EY block under or overspend. Group members will be aware it is difficult to forecast under/overspend because of potential grant payments made 4 months after the end of the financial year. Over the last three years the actual situation has been as follows:

	2016-17	2017-18	2018-19	Total
EY DSG Allocation	8,496,423	12,849,203	14,437,024	35,782,650
Actual spend	8,952,724	12,284,564	14,556,682	35,793,970
Over / - Under spend	456,301	-564,639	119,658	11,320

If no contingency	130,000	130,000	130,000	390,000
Revised Over / - Under spend	586,301	-434,639	249,658	401,320

7.6 So over a three year period the contingency has proven to be almost exactly correct. Any under or overspend at the end of year will be carried forward as an earmarked early years balance. This has enabled the hourly rates to remain consistent across

years.

8. De-delegation – Maintained Schools only

- 8.1 Maintained school members of Forum must approve any proposals to de-delegate services from maintained schools.
- 8.2 Solihull seeks continuing de-delegation of 2 items:
- 8.3 **Contingency fund** £100,400 - £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** £6.50 per pupil in 2019-20. A similar rate for 2020-21 would provide a maintained school budget of £109,000 (excluding special schools and academy income). A £6.00 rate would produce a maintained school budget of £101,000. *School Finance Group recommends a rate of £6.00 to continue to reflect the downward trajectory agreed by the local authority to achieve a target charge of £5.00pp.*

9. Additional Information

- 9.1 Appendices referred to:
- (a) Appendix A: Schools revenue funding 2020-21 - Operational guide September July 2019 (ESFA Education & Skills Funding Agency) extract showing Retained duties definitions.
 - (b) Appendix B: Solihull cost of retained duties
 - (c) Appendix C: Rules for Growth fund allocations.
 - (d) Appendix D: Schedule of financial totals of central services and proposed de-delegations.

9.2 Financial implications:

- (a) As outlined in the report above. For central block expenditure there is no impact on any school or EY provider budget.

9.3 Consultation:

- (a) At their meeting on 2 December 2019, the Forum Finance Group considered these matters and all of their recommendations are reflected in the recommended decisions in Section 2.

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

Extract from the Schools revenue funding 2020 to 2021, Operational guide, September 2019

Responsibilities held for all schools

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)
- Back-pay for equal pay claims (Sch 2, 13)
- 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))
- Contribution to combined budgets (Sch 2, 2(c))

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)
- 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))
- Contribution to combined budgets (Sch 2, 2(c))

Solihull cost of retained duties

		2019-20 With O'hds Retained	2020-21 With O'hds Retained
		£000	£000
Children's Services			
SEIS Division			
SACRE		19	9
Strategic Planning		69	77
Vulnerable Needs		33	33
Safeguarding		232	126
EHE		0	0
LAC		12	5
Parents Champions		33	40
High Standards		45	66
SEND monitoring		62	46
		505	402
Access & Development Division			
Exclusions		11	11
Statutory School Data		47	45
School/ Census Data for Directorate - Analysis		58	61
Tribal Db		236	243
Projects for other Teams		40	40
School Intranet		53	54
Strategic IT - connectivity, contracts, tech developments		48	46
School Funding/Forum/DSG/Fin Scheme/EFA		27	27
Education Enforcement		115	109
		635	636
Management Division			
DCS and team		150	152
Total Children's Services		1,290	1,190
Corporate Services			
Asset Management		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		1,417	1,317
Central Services Grant		-598	-598
Net spend over grant		819	719

Saving from previous year

100

As % of previous budget

7%

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 £1,180 per pupil (30 pupils=£35,400). For example if extra class has 16 pupils, we will top up 14 pupils @ £1,180 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.