

SOLIHULL METROPOLITAN BOROUGH COUNCIL

Meeting date:	08 December 2020
Report to:	Solihull School Forum
Subject/Report Title:	SCHOOL FUNDING 2021-22 - CENTRAL SERVICES
Report Author	Steve Fenton, Head of Access and Development and Stuart McHale, Children's Services and Skills Finance Manager
Schools affected:	<input checked="" type="checkbox"/> All Schools <input type="checkbox"/> All Primary <input type="checkbox"/> <input type="checkbox"/> All Secondary <input type="checkbox"/> All Special <input type="checkbox"/> All Primary and Secondary <input type="checkbox"/> Maintained Schools Only <input type="checkbox"/> Academy Schools Only <input checked="" type="checkbox"/> PVI Settings <input type="checkbox"/> PRUs <input type="checkbox"/> Other (specify)
Type of Report	For Forum to Decide
Forum Voting	As outlined in report For Decision
Public/Private report:	Public
Exempt by virtue of Paragraph:	N/A

1. Purpose of Report

- 1.1 For School Forum to make decisions regarding the approval of centrally held budgets in the Central Services and Early Years Blocks,
- 1.2 For Finance Group to make recommendations to Forum in respect of de-delegations applying only to maintained schools for 2021-22.
- 1.3 This report excludes consideration of Local Authority General Duties which is the subject of a report elsewhere on this meeting's agenda.

2. Decision(s) recommended

2.1 Forum are asked to approve:

- (a) That the growth fund be set at £350,000 and that the growth fund criteria is approved as shown in Appendix C; unchanged from 2020-21.
- (b) That the Central Services Block equal to the amount of DSG grant received (£1,164,450 provisional) is approved as set out in this report.
- (c) That the Central Service Block – historical commitments be approved at the expected grant level of £1,115, 000, in respect of prudential borrowing commitment only.
- (d) That central spend of £246,000 Early Years Advisory Team, £249,760 FIS

team, and £280,810 EY Services recharge be approved for 2021-22, which is below the statutory limit of 5% of EY funding. However should the EY grant increase in value for inflation, and subject to the 5% limit permit, approval is sought for inflation increase of 2.7% for the Advisory Team and FIS team elements.

- (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 (£100,147) continues as for 2020-21.
- (h) A de-delegation for Trade Union Duties of **£5.50** per pupil for 2021-22, a reduction from the £6.00 agreed for 2020-21, the reduction consistent with the long-term aim of Forum.

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 2020-21, 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**.
- 3.5 School Forum Finance Group, at their meeting on 26 November 2020 considered these items and recommend forum accept the proposals. There will be no adverse impact on school budgets – central spend will either be at the government grant level or will be less than the 2020-2021 level.

4. Growth Fund

- 4.1 The level of the growth fund is approved annually by School Forum. For 2021-22 the government continue to fund growth by means of a national formula, however the DfE have not yet announced what the 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 2020-21, the growth fund was set at £350,000. For 2021-22, it is recommended the growth fund is maintained at the current level, £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**. which is unchanged from the current year.
- 4.5 For 2021-22 I have not yet calculated the application of pupil number variations on the estimated additional funding through the national funding formula. Figures will be provided to the next meeting of the Finance Group and Forum.

5.	Central School Services Block (CSSB)
5.1	Solihull will receive a CSSB allocation of £1,164,450 in 2021-22, an increase of £39,372 over 2020-21. The proposed allocations are detailed in Appendix D, showing inflationary increases for services as permitted by the grant.
5.2	Finance group has a well-established review programme to receive annual reports on School Forum and School Admissions.
5.3	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 spend 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.
5.4	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 as for 2020-21.
5.5	Recommendation: that Finance Group recommends to Forum that the Central Services Block of £1,164,450 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 has been notified of a Central Services DSG allocation of £926,080 for 2021-22, a further 20% reduction from 2020-21. This means there will be no grant funding for any Historic Services other than the Prudential Borrowing commitment.
6.2	The Prudential Borrowing is £1,115,000, which is greater than the notified grant. However the DfE have given a commitment that prudential borrowing will be funded, and the local authority has written to the DfE to confirm this.
6.3	The remaining Historic commitments of contribution to LSCB and contribution to Ex-Com costs will no longer be possible from this grant; and the Council will need to identify other funding options.
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 currently equate to 4.5%, estimated to be 4.0% for 2021-22, so are within the limits.
7.2	Central Services – Further analysis has been undertaken on the EY centrally retained. The central funding of £526,810 maintains the Solihull Education Improvement Service- early years and associated LA support. The original figure was set several years ago based on the Early Years block at the time. As the block value has increased, the allocation has remained cash limited. .
7.3	The Early Years team itself costs some £246,000 pa directly. In addition, there are costs of a variety of other services supporting Early Years functions. These include senior advisor time and management time, service administration and operating costs. Overheads are applied in the same way as for General and Retained Duties

as set out in those reports elsewhere on your agenda. The historic recharge is £280,810.

- 7.4 Early Years Advisory Team (£246,000) & FIS (Family Information Service) team (£249,760), Central Services Recharge £280,810; total £776,570. Finance Group receives annual reports for the Advisory and FIS teams.
- 7.5 **Inclusion Fund** £250,000 – the scheme has only been operating since September 2017, and was underspent last year. The fund is under review as part of the HNB review.
- 7.6 **Contingency Fund** – £130,000 - this is a “hedge” against in-year grant payments being greater than the EY grant. There is considerable grant uncertainty in-year, so a contingency is required to smooth funding between years.
- 7.7 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. Historically, the contingency has prevented turbulence in the hourly rates, by balancing the EY grant over a multi-year period.
- 7.8 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** £100,147 - £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** – Forum has indicated a wish to see the charge per pupil for maintained schools, and to be consistent with this, Finance Group would recommend a charge of £5.50 per pupil for 2021-22, compared to £6.00 agreed for 2020-21.
- 8.5 Note there are no plans to increase the per pupil value of the deduction for maintained schools as schools become academies.

9. List of Appendices Referred to

- 9.1 Appendix A: Schools revenue funding 2021-22 - Operational guide July 2020 (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 services and proposed de-delegations.

9.5 Financial implications:

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

- (b) For all other central expenditure, the spend either stays the same as for 2020-21, or increase is within the value of the grant increase.

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

Extract from the Schools revenue funding 2021 to 2022, Operational guide, July 2020

Annex 2 – Central services that may be funded with agreement of schools forums

The split of services between responsibilities local authorities hold for all schools, and those that relate to maintained schools only are shown below.

Responsibilities held by local authorities for all schools are funded from the central school services block, with the agreement of schools forums.

Responsibilities held by local authorities for maintained schools only are funded from maintained schools budgets only, with agreement of the maintained schools members of schools forums.

The department has included references to the relevant schedules in the School and Early Years Finance (England) Regulations 2020.

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 local 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))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

Additional note on central services

Services set out above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:

- expenditure related to functions imposed by or under chapter 4 of part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the local authority (including preparation of applications) and, where it's the local authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions
- expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services
- expenditure in relation to the investigation and resolution of complaints
- expenditure on legal services

Solihull cost of retained duties

		2020-21 With O'hds Retained	2021-22 With O'hds Retained
Children's Services		£000	£000
SEIS Division			
SACRE		9	9
Strategic Planning		77	77
Vulnerable Needs		33	33
Safeguarding		126	126
EHE		0	0
LAC		5	5
Parents Champions		40	40
High Standards		66	66
SEND monitoring		46	46
		402	402
Access & Development Division			
Exclusions		11	11
Statutory School Data		45	45
School/ Census Data for Directorate - Analysis		61	61
Tribal Db		243	243
Projects for other Teams		40	40
School Intranet		54	54
Strategic IT - connectivity, contracts, tech developments		46	46
School Funding/Forum/DSG/Fin Scheme/EFA		27	27
Education Enforcement		109	109
		636	636
Management Division			
DCS and team		152	152
Total Children's Services		1,190	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
Inflation provision to be applied – 2.7%			36
Total Retained Duties		1,317	1,353
Central Services Grant		-598	-623
Net spend over grant		719	730

Growth Fund

Summary of method for allocating funding:

- Methodology 1: where a specific additional class is agreed: 7/12 of teacher value ($7/12 * £36,642$).
- 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 £1,221.4 per pupil (30 pupils=£36,642). For example if extra class has 16 pupils, we will top up 14 pupils @ £1,221.40 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.