

SOLIHULL METROPOLITAN BOROUGH COUNCIL

Meeting date:	28 November 2022
Report to:	Solihull School Forum
Subject/Report Title:	SCHOOL FUNDING 2023-24 - CENTRAL SERVICES
Report Author	Steve Fenton, Head of Access and Development and Verity Dixon Senior Accountant Childrens Services
Schools affected:	<input checked="" type="checkbox"/> All Schools <input type="checkbox"/> All Primary <input type="checkbox"/> All Secondary <input type="checkbox"/> All Special <input type="checkbox"/> All Primary and Secondary <input checked="" type="checkbox"/> Maintained Schools Only <input type="checkbox"/> Academy Schools Only <input checked="" type="checkbox"/> PVI Settings <input checked="" 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 Forum to approve the funding of centrally held budgets in the Central Services and Early Years Blocks.
- 1.2 For Forum to approve the de-delegations applying only to maintained schools for 2023-24.
- 1.3 For Forum to approve the payment of central grant in respect of Local Authority Retained Duties.

2. Decision(s) recommended

- 2.1 Solihull School Forum is asked to approve:

Central services

- (a) That the growth fund be maintained at £600,000 and that the growth fund criteria is approved as shown in Appendix C, recognising the considerable on-going pressure on secondary and primary school places.
- (b) That the Central Services Block equal to the amount of DSG grant received (£1,338,492 provisional, representing a 2.5% decrease) 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. There are now no other remaining Combined Services items.

Early Years

- (d) Approve central spend of £253,380 Early Years Advisory Team, £257,253 FIS team, and £289,234 EY Services recharge be approved for 2023-24, 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 2.5% for the Advisory Team and FIS team elements. Note that there was no increase 2022-23 or 2021-22.
- (e) That the Early years Inclusion fund remains at £250,000.
- (f) That the Early Years contingency fund remains at a reduced level (currently £36k, but this may flex a little as the Council prepares the detail of early years funding rates).

De-delegations – Maintained schools only (maintained schools only may vote)

- (g) Approve de-delegation of General Duties: Primary (£76.00), special (£190.00), and PRU (£290.00).
- (h) Approve the primary school contingency de-delegation of £6.40 per pupil (£83,427) continues, as for previous years.
- (i) Approve a de-delegation for Trade Union Duties of £5.00 per pupil for 2023-24 (£65,177), as for 2022-23, which is at the target level set by Forum some years ago.

De-delegation

3. What is the issue?

- 3.1 School Forum has formal powers to approve the level of budget for certain centrally held expenditure within the Schools Block and Early years Block.
- 3.2 As with 2022-23, 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 A brief narrative of areas included in General Duties (maintained schools is shown in **Appendix E**)
- 3.6 School Forum Finance Group, at their meeting on 07-11-2022 agrees to recommend these proposals to Forum, Finance Group noted that there will be no adverse impact on school budgets as central spend will either be at the government grant level or will be no more than any change in grant compared to the 2021-22 grant level.
- 3.7 For maintained schools de-delegation, there is an overall £73,000 increase requested, in respect of the second and final year of withdrawal of government school improvement grant.
- 3.8 The grant levels notified so far are provisional; they reflect confirmed unit values for 2023-24 but are based on October 2021 pupil numbers. Final grant will be announced in December and will be based on October 2022 pupil count.

4. Growth Fund

- 4.1 The level of the growth fund is approved annually by School Forum. For 2023-24 the government continue to fund growth in the DSG by means of a national formula, however the DfE have not yet announced what the allocations will be. Solihull would expect a significant increase in grant arising from the increase in pupil numbers relating to in-year migration.
- 4.2 Most growth in respect of planned growing schools is now made through a pupil number variation whereby the October pupil count is adjusted for the expected increased September intake. Therefore, the growth fund is now used for one-off bulge classes, set up costs for new provisions, and other costs arising from approved school organisation changes.
- 4.3 For 2022-23, the growth fund was set at £600,000, an increase of £250,000 on the previous year. For 2023-24, it is recommended the growth fund is maintained at that level as the authority continues to experience unprecedented inward migration.
- 4.4 The DfE have awarded the local authority a special pupil growth grant of £795,000 to fund bulge classes in excess of what can be funded from the £600k fund. However, the DfE have stated that this is really an “advance” of future growth fund, and we will be required to pay it back from increases in growth fund in future years.
- 4.5 Solihull has found itself under acute pressure on admissions as a result of the Hong Kong Nationals Relocation scheme, and also the Afghanistan and Ukrainian resettlement schemes.
- 4.6 **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 previous years.
- 4.7 The government have not yet published details of the growth fund element of the DSG.

5. Central School Services Block (CSSB)

- 5.1 Solihull has a provisional grant of £1,338,492 in 2023-24, a decrease of £34,340 from 2022-23. The proposed allocations are detailed in Appendix D, showing no inflationary increases for services.
- 5.2 Finance group has a well-established review programme to receive annual reports on School Forum and School Admissions.
- 5.3 **Appendix A** gives the government definitions of the areas of activity that count as being retained and general duties.
- 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 spend considerably greater than the DSG grant.
- 5.5 **Appendix B** shows the estimated cost of retained duties against a number of these activities for 2023-24. Note these recharge calculations are looking a little dated, and at some stage the authority will re-cost these activities.
- 5.6 **Recommendation:** that Forum approves the Central Services Block of £1,338,492 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 £892,000 for 2023-24, a further 20% reduction from 2022-23. This means there will be no grant funding for any Historic Services other than the Prudential Borrowing commitment.
- 6.2 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 is writing to the DfE to confirm this and claim a further £223,000 in grant protection funding.

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 just under the limit, and it is estimated funding at the same level will also be within the limit for 2023-24.
- 7.2 The Early Years team itself costs some £253,380 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 £289,234. The FIS (Family Information Service) team cost is £257,253, total £799,867.
- 7.3 Finance Group receives annual reports for the Advisory and FIS teams.
- 7.4 **Inclusion Fund** £250,000 – the scheme has been operating since September 2017, and whilst historically it was underspent, for the past academic year it has overspent, which will be charged against the high needs, not early years block.
- 7.5 **Contingency Fund** – £36,233 (£130,000 originally) - this has traditionally been a “hedge” against in-year grant payments being greater than the EY grant. There is considerable grant uncertainty in-year, so a contingency has been useful to smooth funding between years. For 2022-23, we needed to reduce this to maintain hourly rates to passport through government rate increases with a significantly reduced pupil count. For 2023-24, I will aim to just keep it at a minimal level, acting more of a balancing figure when we prepare the detailed annual funding rates.
- 7.6 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. Previous data to Forum has shown that over a number of years, the unders/overs have largely cancelled out, so it is achieving it’s intended purpose of avoiding turbulence in the hourly rates one year to the next. For now, I suggest we just keep the contingency figure, and assess impact on rates when we get a final settlement from the government.

8. Central Services Deduction - De-delegation – Maintained Schools only

- 8.1 Maintained school members of Forum need to approve any proposals to de-delegate services from maintained schools.
- 8.2 Solihull seeks continuing de-delegation of 4 items:
- 8.3 **General Duties** – Currently primary £66.00 per pupil, £165.00 special and

£248.00 PRUs. This will be increased in respect of **School Improvement (ex-grant)** - £10.00 per pupil (£5.00 in 2022-23), £25.00 special (2.5 multiplier) and PRU (a 3.5 multiplier). The amount by which the estimated spend is in excess of the proposed deduction is currently met from Core Council funds (i.e. the Council subsidises the cost). So proposed rates for 2023-24 are Primary (£76.00), special (£190.00), and PRU (£290.00).

8.4 **Contingency fund** - £6.40 per pupil (estimated total £70,205) – 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), but is now largely used predominantly to fund staff exit costs emerging from schools facing budget reductions from reduced DSG (i.e. falling pupil rolls).

8.5 **Trade Union Duties** – Forum has indicated a wish to see the charge per pupil reduce over time to £5.00 per pupil for maintained schools, reached this level for 2022-23.

8.6 Note that as the number of academies increases, the amount of funding from these de-delegations reduces, however the local authority has committed to not compensate by increasing the proposed deduction.

9. List of Appendices Referred to

9.1 Appendix A: Schools revenue funding 2022-23 - Operational guide July 2021 (ESFA Education & Skills Funding Agency) extract showing Retained and General duties definitions (below).

9.2 Appendix B1: Solihull cost of retained duties (attachment).

9.3 Appendix B2: Solihull cost of general duties (attachment).

9.4 Appendix C: Rules for Growth fund allocations (below).

9.5 Appendix D: Schedule of financial totals of central services and proposed de-delegations (attachment).

9.6 Appendix E: Description of General duties (maintained schools)

9.7 Financial implications:

- (a) As outlined in the report above. For central services block expenditure there is no expected adverse impact on any school or EY provider budget.
- (b) For all other central expenditure, the spend either stays the same as for 2021-22, or increases are within the value of the grant increase.

Extract from Schools revenue funding 2023-24 Operational guide 19 July 2022

47. Annex 3 – central services that may be funded with agreement of schools forum

The split of services between responsibilities that 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 2022](#).

48. Responsibilities held for all schools (RETAINED DUTIES)

Statutory and regulatory duties

- Director of children's services and personal staff for director (Schedule 2, 15a)
- planning for the education service as a whole (Schedule 2, 15b)
- revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Schedule 2, 22)
- authorisation and monitoring of expenditure not met from schools' budget shares (Schedule 2, 15c)
- formulation and review of local authority schools funding formula (Schedule 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 (Schedule 2, 15e)
- consultation costs relating to non-staffing issues (Schedule 2, 19)
- plans involving collaboration with other local authority services or public or voluntary bodies (Schedule 2, 15f)
- standing Advisory Committees for Religious Education (SACREs) (Schedule 2, 17)
- provision of information to or at the request of the Crown other than relating specifically to maintained schools (Schedule 2, 21)

48.1 Education welfare

- functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Schedule 2, 20)
- school attendance (Schedule 2, 16)
- responsibilities regarding the employment of children (Schedule 2, 18)

48.2 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 (Schedule 2, 14a)
- general landlord duties for all buildings owned by the local authority, including those leased to academies (Schedule 2, 14b)

48.3 Other ongoing duties

- licences negotiated centrally by the Secretary of State for all publicly funded schools (Schedule 2, 8); this does not require schools forum approval
- admissions (Schedule 2, 9)

- places in independent schools for non-SEN pupils (Schedule 2, 10)
- remission of boarding fees at maintained schools and academies (Schedule 2, 11)
- servicing of schools forums (Schedule 2, 12)
- back-pay for equal pay claims (Schedule 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 (Schedule 2, 23)

48.4 Historic commitments

- capital expenditure funded from revenue (Schedule 2, 1)
- prudential borrowing costs (Schedule 2, 2(a))
- termination of employment costs (Schedule 2, 2(b))
- contribution to combined budgets (Schedule 2, 2(c))

49. Responsibilities held for maintained schools only (GENERAL DUTIES)

49.1 School improvement

- expenditure related to core school improvement activities of local authorities with respect to maintained schools (Schedule 2, 54)

49.2 Statutory and regulatory duties

- functions of local authority related to best value and provision of advice to governing bodies in procuring goods and services (Schedule 2, 59)
- budgeting and accounting functions relating to maintained schools (Schedule 2, 75)
- authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Schedule 2, 60) Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Schedule 2, 61)
- internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Schedule 2, 62)
- functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Schedule 2, 63)
- investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Schedule 2, 64)
- functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Schedule 2, 65)
- retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Schedule 2, 78)
- HR duties, including advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Schedule 2, 67), determination of conditions of service for non-teaching staff (Schedule 2, 67); appointment or dismissal of employee functions (Schedule 2, 68)
- consultation costs relating to staffing (Schedule 2, 69)
- compliance with duties under Health and Safety at Work Act (Schedule 2, 70)
- provision of information to or at the request of the Crown relating to schools (Schedule 2, 71)
- school companies (Schedule 2, 72)
- functions under the Equality Act 2010 (Schedule 2, 73)
- establish and maintaining computer systems, including data storage (Schedule 2, 74)
- appointment of governors and payment of governor expenses (Schedule 2, 75)

49.3 Education welfare

- inspection of attendance registers (Schedule 2, 81)

49.4 Asset management

- general landlord duties for all maintained schools (Schedule 2, 79a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
- appropriate facilities for pupils and staff (including medical and accommodation)
- the ability to sustain appropriate loads
- reasonable weather resistance
- safe escape routes
- appropriate acoustic levels
- lighting, heating, and ventilation which meets the required standards
- adequate water supplies and drainage
- playing fields of the appropriate standards
- general health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

49.5 Central support services

- clothing grants (Schedule 2, 55)
- provision of tuition in music, or on other music-related activities (Schedule 2, 56)
- visual, creative, and performing arts (Schedule 2, 57)
- outdoor education centres (but not centres mainly for the provision of organised games, swimming, or athletics) (Schedule 2, 58)

49.6 Premature retirement and redundancy

- dismissal or premature retirement when costs cannot be charged to maintained schools (Schedule 2, 80)

49.7 Monitoring national curriculum assessment

- monitoring of National Curriculum assessments (Schedule 2, 77)

49.8 Therapies

- this is now covered in the high needs section of the regulations and does not require schools forum approval

49.9 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

50. Annex 4 – schools forum approvals for centrally held funding

A number of the services that are covered by funding that is held centrally are subject to a limitation of no new commitments or increases in expenditure from 2022 to 2023. This limit does not apply to admissions or the servicing of schools forums. Schools forum approval is required each year to confirm the amounts on each line.

When using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

The following sections set out the level of approval required for each centrally retained service.

50.1 Schools forum approval is not required (although they should be consulted)

- high needs block provision
- central licences negotiated by the Secretary of State
- funding of brought forward deficits

50.2 Schools forum approval is required on a line-by-line basis

- admissions
- servicing of schools forum
- contribution to responsibilities that local authorities hold for all schools
- contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)
- de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)

50.3 Schools forum approval is required

- central early years block provision
- any movement of funding out of the schools block

50.4 Schools forum approval is required on a line-by-line basis – the budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into

- prudential borrowing costs
- the commitment must have been approved prior to April 2013
- details of the remaining costs should be presented

50.5 School forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools

- funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy
 - funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within 3 years
1. The multipliers used in ESG previously were 3.75 for PRUs, and 4.25 for special schools.

Growth Fund

Summary of method for allocating funding:

- Methodology 1: where a specific additional class is agreed: 7/12 of teacher value ($7/12 * £50,693$).
- Methodology 2 (infant classes only): 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 £50,693 prorated 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 £1,689.77 per pupil (30 pupils=£50,693). For example if extra class has 16 pupils, we will top up 14 pupils @ £1,689.77 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.