

SOLIHULL METROPOLITAN BOROUGH COUNCIL

Report to:	Solihull School Forum
Meeting date:	04 December 2017
Subject/Report Title:	SCHOOL FUNDING 2018-19 - GENERAL DUTIES
Report Author	Stuart McHale
Schools affected:	<input type="checkbox"/> All Schools <input type="checkbox"/> All Primary <input type="checkbox"/> <input type="checkbox"/> All Secondary <input checked="" 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 type="checkbox"/> PVI Settings <input checked="" type="checkbox"/> PRUs <input type="checkbox"/> Other (specify)
Type of Report	For Forum to Decide
Forum Voting	Maintained School Members Only
Public/Private report:	Public

1. Purpose of Report
<p>1.1 For Forum to agree the proposals in respect of the budget for Local Authority Statutory Duties and the resultant top slice to the school budgets of all maintained Solihull schools.</p>
2. Decision(s) Recommended
<p>2.1 The local authority recommends to Forum:</p> <p>That the level of funding from maintained schools for statutory duties previously funded by the General Rate of Education Services Grant be set at a contribution based on the DFE's equivalent rates - £66 mainstream schools, £280.50 special schools and £247.50 PRU's.</p>
3. Background
<p>3.1 School Forum has formal powers to approve the level of budget for certain centrally held expenditure. The operational guidance from the ESFA states:</p> <p>'Local authorities are able to fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares with the agreement of maintained school members of the schools forum.</p> <p>The amount to be retained by the local authority will need to be agreed by the relevant maintained schools members of the schools forum (primary, secondary, special and pupil referral units – PRU's). If the local authority and schools forum are</p>

unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.'

- 3.2 This report sets out the details of services covered under the operational guidance and regulations, the costs of these services and the proposed mechanism of funding.
- 3.3 The Finance Group considered the details here and the LA recommendation at their meeting on 8 November 2017. They were satisfied that the classes of expenditure detailed were consistent with the national guidelines, and that the methods of costing services and the reporting of them met the DfE guidance and were reasonable.
- 3.4 At the request of Forum Executive, the detailed report considered by Finance Group has been circulated to all schools, so that schools have the opportunity to put views to Forum.

4. General Duties

- 4.1 For 17/18 Schools Forum approved the funding of General Duties from September 2017 at a total cost of £1.096m which equated to: £60 mainstream schools, £150 special schools and £150 PRU's.
- 4.2 The DfE's equivalent rates pupil for 17/18 were: £66 mainstream schools, £280.50 special schools and £247.50 PRU's.
- 4.3 In summary, the LA could have expected to receive £1.361m in grant against a cost of £1.769m, a shortfall of £0.408m. Applied against the current approved DSG contribution of £1.096m, this shortfall is £0.673m. This is set out in Appendix C.
- 4.4 Last year's report to Forum set out the circumstances around the government's funding changes, the resultant impact and the requirement for the LA to seek schools funding for its statutory responsibilities.
- 4.5 It is worth noting again that the old grant was "un-hypothecated" – each LA 'does what it does' and has treated ESG as general income – no LA has put in place sophisticated systems to be concise about costs and nature of these activities in the way the DfE have defined them. The definitions do not reflect how local authorities classify their activities, team organisations or accounting systems. Overall local authorities spend much more on these activities than the ESG grant, and Solihull is no different.
- 4.6 However, we undertook to provide more details around the costs and services provided, as is now also required by the DfE.
- 4.7 Appendix A sets out the nature of services and responsibilities formerly defined as General Duties as set out in the operational guidance and underpinned by the School and Early Years Finance (England) Regulations 2017. These represent statutory functions Local Authorities hold for maintained schools.
- 4.8 Appendix B sets out in more detail the nature and costs of the services provided. The provision of these services ensures that statutory obligations are met, gives schools some safeguarding against risks but can also generate financial benefits. As an example, the Director of Resources and Deputy Chief Executive last year negotiated a three year deal with the West Midlands Pension Fund for a lower pension rate which has saved maintained schools some £1m over the period.
- 4.9 Appendix C summarises the proposed services and costs.
- 4.10 Clearly, the LA recognises that full cost recovery is neither feasible or, in the current climate for schools, realistic. However, we need to ensure that there is a contribution that reflects the duties we have to provide and maintains the valuable working relationship we have with our maintained schools and vice versa.

4.11	As such we would look to recommend a contribution based on the DFE's equivalent rates as set out in paragraph 4.2 above of £1.361m. On this basis, the LA would in effect be subsidising general duties by some £0.408m. This is in addition to the subsidy for Retained Duties as set out in the separate report.
5.	List of Appendices Referred to
5.1	Appendix A: Schools revenue funding 2018 to 2019 - Operational guide September 2017 (ESFA Education & Skills Funding Agency) extract showing Forum approval requirements for former General Duties
5.2	Appendix B: Narrative on General Duties functions across services
5.3	Appendix C: Summary Schedule of General Duties
6.	Background Papers and Web Links Used to Compile this Report
6.1	DFE Operational Guidance 2017 and the School and Early Years Finance (England) Regulations 2017
7.	List of Other Relevant Documents
7.1	N/a

Appendix A

Extract from: Schools revenue funding 2018 to 2019 - Operational guide September 2017 (ESFA Education & Skills Funding Agency)

Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum) GENERAL DUTIES
<u>Statutory and regulatory duties</u>
Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 56)
Budgeting and accounting functions relating to maintained schools (Sch 2, 73)
Functions relating to the financing of maintained schools (Sch 2, 58)
Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 57)
Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 58)
Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 59)
Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 60)
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 (Sch 2, 61)
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 (Sch 2, 62)
Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 75)
HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 2, 63); determination of conditions of service for non-teaching staff (Sch 2, 64); appointment or dismissal of employee functions (Sch 2, 65)
Consultation costs relating to staffing (Sch 2, 66)
Compliance with duties under Health and Safety at Work Act (Sch 2, 67)
Provision of information to or at the request of the Crown relating to schools (Sch 2, 68)
School companies (Sch 2, 69)
Functions under the Equality Act 2010 (Sch 2, 70)
Establish and maintaining computer systems, including data storage (Sch 2, 71)
Appointment of governors and payment of governor expenses (Sch 2, 72)
<u>Education welfare</u>
Inspection of attendance registers (Sch 2, 78)

<u>Asset management</u>
General landlord duties for all maintained schools (Sch 2, 76a & 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)
<u>Central support services</u>
Clothing grants (Sch 2, 52)
Provision of tuition in music, or on other music-related activities (Sch 2, 53)
Visual, creative and performing arts (Sch 2, 54)
Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 55)
<u>Premature retirement and redundancy</u>
Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 77)
<u>Monitoring national curriculum assessment</u>
Monitoring of National Curriculum assessments (Sch 2, 74)
<u>Therapies</u>
This is now covered in the high needs section of the regulations and does not require schools forum approval