

SOLIHULL METROPOLITAN BOROUGH COUNCIL

Meeting date:	11 January 2024
Report to:	Solihull School Forum
Subject/Report Title:	SCHOOL FUNDING 2024-25 - CENTRAL SERVICES
Report Author	Stephen Fenton Head of Commissioning for Learning and Verity Dixon Senior Accountant Childrens Services
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 checked="" type="checkbox"/> PRUs <input type="checkbox"/> Other (specify)
Type of Report	For Forum to Decide
Forum Voting	Whole of Forum
Public/Private report:	Public
Exempt by virtue of Paragraph:	N/A

1. Purpose of Report

- 1.1 For School Forum to approve funding of centrally held budgets in the Central Services and Early Years Blocks of the DSG.
- 1.2 For School Forum to approve de-delegations applying only to maintained schools for 2023-24 (Vote is maintained schools only).
- 1.3 For School Forum approve the allocation of central grant in respect of Local Authority Retained Duties.

2. Decisions recommended

- 2.1 School Forum is asked to approve the following:
 - (a) That the growth fund is increased to £700,000 (from £600,000) to reflect need for bulge classes in secondary noting that the DSG grant has reduced by £500,000.
 - (b) Approve the growth fund criteria is approved as shown in Appendix C.
 - (c) Approve the Central Services Block contribution as equal to the amount of DSG Central Services grant notified of £1,373,352, representing a 2.0% increase is approved as set out in this report.
 - (d) That the Central Service Block – “historical commitments” be approved at the

expected grant level of £1,115,000, in respect of the prudential borrowing commitment only.

- (e) That central spend of £262,755 Early Years Advisory Team, £266,771 FIS team, and £289,234 EY Services recharge be approved for 2024-25, which is below the statutory limit of 5% of EY funding. This includes inflation increase of 3.7%, but not for the recharge element.
- (f) That the Early Years Inclusion fund remains at £250,000.
- (g) That the Early Years contingency fund provisionally remains at the reduced level of £36,233.
- (h) A primary school contingency *de-delegation* of £6.60 per pupil (£66,746) continues in line with previous years. This includes inflation increase of 3.7%.
- (i) A *de-delegation* for Trade Union Duties of £5.20 per primary pupil / £13.00 Special for 2024-25 (total £61,764). This is in line with the target level set by Forum, with an inflation increase of 3.7%.
- (j) A *de-delegation* for General Duties in respect of £68.40 primary / £171.00 special and £10.40 primary / £14.25 special for Advisory service (total £936,748). This is 2023-24 rate with inflation increase of 3.7%.

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 2023-24, the government have defined a Central School Services Block grant (CSSB) within the Dedicated Schools Grant (DSG). However certain items still require Forum approval. The grant is a contribution to local authority spend on Retained duties and certain statutory functions.
- 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 schedule of proposed centrally held budgets, together with proposed de-delegations is shown in **Appendix D**.
- 3.5 Should School Forum Finance Group recommend these proposals to Forum, Finance Group should note that there will be no adverse impact on school budgets as central spend will either be at the government grant level or, where de-delegated, at 3.7% inflation on last year, which is less than the 5.40% increase in school funding.
- 3.6 At their meeting on 12 December 2023, School Finance Group met and considered these proposals and endorsed the recommendations to Forum. At that meeting, grant figures were provisional. In this report grant figures are final figures notified by the government on 19 December 2024, and therefore may differ from the figures in that report.
- 3.7 School Finance group at that meeting also considered annual service reports from Admissions, Early Years, FIS Team, and Trade Unions.

4. Growth Fund

- 4.1 The level of the growth fund is approved annually by School Forum. For 2024-25 the government continue to fund growth in the DSG by means of a national formula. The grant has been confirmed as £40,694 compared to £809,000 in 2023-24. The gross grant is £305694 in 2024-25 as a result of falling primary numbers, but the DfE are clawing back £285,000 of their previous loan to Solihull.
- 4.2 There is an identified growth fund requirement of £1.1m already committed for

2024-25, so I need to request an increase in growth fund from £605,000 to £700,000. £400,000 will be used from unspent growth fund brought forward from last year (which includes part of the loan not used last year). Secondary numbers are expected to peak September 2027.

4.3 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. However the bulk of 2024-25 spend relates to bulge classes in 5 secondary schools.

4.4 In 2022/23, DfE awarded the local authority a special pupil growth grant of £795,000 to fund bulge classes in excess of what would be funded from in-year funds. The DfE stated that this was an “advance” of future growth fund, and we are required to pay it back from increases in growth fund from 2024-25 onwards.

4.5 **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. This has been checked and confirmed to be compliant with latest DfE rules.

5. Central School Services Block (CSSB)

5.1 Solihull has a confirmed grant of £1,373,352 in 2024-25, an increase of £27,392 from 2023-24. The proposed allocations are detailed in Appendix D, with inflationary increases of 3.7% for certain services.

5.2 Finance Group has a well-established review programme to receive annual reports on the Early Years team, FIS, School Admissions and Trade Unions.

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 is considerably greater than the DSG grant.

5.5 **Appendix B1** shows the estimated cost of retained duties against a number of these activities for 2024-25. The LA has inflated the estimated figures by 3.7%.

5.6 Forum will recollect the LA intended to review these recharge estimates for 2024-25, however other workload pressures (e.g. Oracle cloud) have meant that this has not been possible and have been deferred for a year.

5.7 **Recommendation:** that Finance Group recommends to Forum that the Central Services Block grant contribution to LA Retained functions of £1,383,284 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 an initial Central Services DSG historic commitments allocation of £892,000 for 2024-25, we requested a further grant allocation of £223,000 to provide an overall grant of £1,115,000 in respect of our prudential borrowing agreement, which the DfE have agreed as a grant of £1,115,000 has been confirmed.

7. Early Years Centrally retained budgets

7.1 The Early Years Block has specific conditions of grant with regulatory limits on central spending which 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. Changes are being made to accommodate the early years expansion to 2 and Under 2s, but this report assumes a straight follow-on from 2023-24. The new changes will be considered in a separate report to Forum. The proposals here do not conflict with the new arrangements.

- 7.2 The Early Years team itself costs some £262,755 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. This historic recharge is £289,234. The FIS (Family Information Service) team cost is £266,771, total £818,760.
- 7.3 **Inclusion Fund** £250,000 – the scheme has been operating since September 2017, and was overspent last year. This will be re-examined as part of the wider requirements of the expansion in 2 and under 2s funding in a further report to Forum.
- 7.4 **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 2024-25, this is shown unchanged from last year, but the final figure will be derived from the actual grant allocations and finalised funding rates.
- 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. Previous data to Forum has shown that over a number of years, the unders / overs have largely cancelled out, so a small contingency is achieving its intended purpose of avoiding turbulence in the hourly rates one year to the next.

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. This does not apply to academy schools.
- 8.2 Solihull seeks continuing de-delegation of 4 items, in line with previous years with a 3.7% inflation increase, which is below the 5.4% increase in school funding.
- 8.3 **General Duties** - £68.40 per pupil, £165.00 special and PRUs, and a further element for **School Improvement (ex-grant)** - £10.40 per pupil £26.00 special and PRU (a 2.5 multiplier). The amount by which the estimated spend is more than the proposed deduction is met from Core Council funds (i.e. the Council subsidises the costs).
- 8.4 **Contingency fund** - £6.60 per pupil (estimated total £66,746) – 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). This is now largely used to fund staff exit costs emerging from schools facing budget reductions from reduced formula funding (e.g. falling pupil rolls), whereby the Council pays redundancy costs, but schools pay for any pension strain.
- 8.5 **Trade Union Duties** – Now at the Forum target level. Requested for 2024-25 £5.20 per pupil for maintained schools / £13.00 special (+3.7% inflation on 2023-24).
- 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 deductions.

9. List of Appendices Referred to

- 9.1 Appendix A: Schools operational guide 2024-25 – 19 Dec 2023 (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 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. Where inflationary increases are requested at 3.7% this is within the 5.4% general increase in school funding.
- (b) For all other central expenditure, the spend either stays the same as for 2023-24, or increases are within the value of the grant increase.

Extract from Schools revenue funding 2024-25 Operational guide 19 December 2023

50. 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 or the Secretary of State.

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 annually updated school finance regulations. These provisions will be replicated in the regulations we make for the 2024 to 2025 funding year.

50.1 Responsibilities held for all schools (RETAINED DUTIES)

Statutory and regulatory duties

- Director of children's services and personal staff for director (Schedule 2, paragraph 15a)
- planning for the education service as a whole (Schedule 2, paragraph 15b)
- authorisation and monitoring of expenditure not met from schools' budget shares (Schedule 2, paragraph 15c)
- formulation and review of local authority schools funding formula (Schedule 2, paragraph 15d)
- internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of the Local Government Act 1972 except duties specifically related to maintained schools (Schedule 2, paragraph 15e)
- consultation costs relating to non-staffing issues (Schedule 2, paragraph 19)
- plans involving collaboration with other local authority services or public or voluntary bodies (Schedule 2, paragraph 15f)
- standing Advisory Committees for Religious Education (SACREs) (Schedule 2, paragraph 17)
- provision of information to or at the request of the Crown other than relating specifically to maintained schools (Schedule 2, paragraph 21)
- revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Schedule 2, paragraph 22)

Education welfare

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

Asset management

- management of the local authority's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Schedule 2, paragraph 14a)
- landlord responsibilities, including those in relation to land leased to academies for schools (Schedule 2, paragraph 14b)

Other ongoing duties

- licences negotiated centrally by the Secretary of State for all publicly funded schools (Schedule 2, paragraph 8); this does not require schools forum approval
- operation of the system of admissions and appeals (Schedule 2, paragraph 9)
- servicing of schools forums (Schedule 2, paragraph 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 (Schedule 2, paragraph 23)

Historic commitments

- prudential borrowing costs (Schedule 2, paragraph 2(a))

50.2 Responsibilities held for maintained schools only (GENERAL DUTIES)

School improvement

- expenditure related to core school improvement activities of local authorities with respect to maintained schools (Schedule 2, paragraph 53)

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, paragraph 58)
- budgeting and accounting functions relating to maintained schools (Schedule 2, paragraph 75)
- authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Schedule 2, paragraph 59)
- monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Schedule 2, paragraph 60)
- internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of the Local Government Act 1972 for maintained schools (Schedule 2, paragraph 61)
- functions under regulations made under section 44 of the Education Act 2002 (Consistent Financial Reporting) in so far as the functions related to maintained schools (Schedule 2, paragraph 62)
- 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, paragraph 63)
- 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, paragraph 64)
- HR duties, including advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Schedule 2, paragraph 65)
- determination of conditions of service for non-teaching staff (Schedule 2, paragraph 66)
- appointment or dismissal of employee functions (Schedule 2, paragraph 67)
- consultation costs relating to staffing (Schedule 2, paragraph 68)
- compliance with duties under Health and Safety at Work Act etc 1974 (Schedule 2, paragraph 69)
- provision of information to or at the request of the Crown relating to maintained schools (Schedule 2, paragraph 70)

- school companies (Schedule 2, paragraph 71)
- functions under the Equality Act 2010 (Schedule 2, paragraph 72)
- establish and maintaining computer systems, including data storage (Schedule 2, paragraph 73)
- appointment of governors and payment of governor expenses (Schedule 2, paragraph 74)
- budgeting and accounting functions relating to maintained schools (Schedule 2, paragraph 75)
- retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Schedule 2, paragraph 77)

Education welfare

- inspection of attendance registers (Schedule 2, paragraph 80)

Asset management

- general landlord duties for all maintained schools (Schedule 2, paragraphs 78a & b (section 542(2)) Education Act 1996; School Premises (England) 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

Premature retirement and redundancy

- dismissal or premature retirement when costs cannot be charged to maintained schools (Schedule 2, paragraph 79)

Monitoring national curriculum assessment

- monitoring of National Curriculum assessments (Schedule 2, paragraph 76)

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 School Standards and Framework Act 1998 (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

51. 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 2023 to 2024.

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.

Where schools forum approval is not provided, the local authority can apply to the Secretary of State to decide.

51.1 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

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

51.3 Schools forum approval is required

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

51.4 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:

51.5 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 where SCAP shows that school places will be required in the subsequent 3 to 5 years

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.
- **Methodology 5**: as a minimum, the LA will provide funding according to the formula **primary growth factor value (£1,550) × number of pupils × ACA**. This is a new government requirement for 2024-25.

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.