

SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report sets out the position of Schools and Early Years Block central and de-delegated items to support Members in making recommendations and decisions under agenda item 11. This report follows from the detailed information presented at the last meeting.

Date (s) of any Previous Discussion at the Forum

Information on the position of funds, starting expectations, and specific considerations, has been presented over the last 2 Schools Forum meetings. Please note that the decision on de-delegation for the subscription to Fischer Family Trust in 2017/18 has not yet been taken.

Background / Context

The following funds were held in this current 2016/17 financial year from the Schools and Early Years Blocks.

Type 1

Funds that are specifically permitted by the Funding Regulations or where existing historic commitments from the DSG remain in place. The cost of these funds is 'top-sliced' from both maintained schools and academies; it is then a requirement that schools and academies can access services on the same basis. The 3 funds are:

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| ○ Schools Forum Costs | £10,000 |
| ○ School Admissions | £577,600 |
| ○ DSG matched contribution to school improvement | £1,318,600 |

The Schools Forum made the following new recommendations relating to the DSG's matched contribution fund in the 2017/18 financial year on 6 January 2016:

- Agreed to continue for the period 1 April 2017 to 31 August 2017 at reduced values (the values for the period 1 April 2015 to 31 August 2015 reduced by 25%).
- Agreed to cease at 31 August 2017, with the sums released to Primary, Secondary and Early Years delegated budgets in 2017/18 and 2018/19. The Local Authority is expected to manage transition to minimise the cost to the 2017/18 DSG of staffing restructure.

On this basis, the value of the DSG's Contribution to School Improvement and Early Childhood Services reduces from £1,318,600 in 2016/17 to £482,426 in 2017/18 and then £0 in 2018/19. This increases the unadjusted values of the base amount per pupil in the 2017/18 formulae by £11.56 (primary), £5.04 (secondary) and per hour by £0.014 (early years 3 and 4 year old setting base rates). These base rates have then been adjusted for DSG affordability.

Type 2

Funds, where the funding is originally delegated to all schools and academies through formula funding, but where maintained schools can decide to 'de-delegate' amounts back to the centre for specific named purposes. Only maintained schools (and nursery schools) contribute to these funds and only maintained schools can access. The 8 funds are:

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| ○ ESBD School Support Team | £426,360 |
| ○ Minority Ethnic School Support Team | £94,350 |
| ○ FSM Eligibility Assessment | £119,000 |
| ○ Fischer Family Trust Licences | £33,560 |
| ○ School Maternity / Paternity 'insurance' fund | £1,565,400 |
| ○ Trade Union Facilities Time | £306,000 |
| ○ Trade Union Health & Safety Representative Time | £46,765 |
| ○ School Staff Public Duties and Suspensions Fund | £62,920 |

Members are reminded that the de-delegated fund for Minority Ethnic School Support ceased on 1 May 2016 and no de-delegation will apply in 2017/18.

Background / Context (continued)

The table below shows the amount per pupil contribution values to these funds in 2016/17 by phase.

2016/17 Fund	Early Years £app	Primary £app	Secondary £app
Schools Forum Costs	£0.11	£0.11	£0.11
School Admissions	n/a	£6.76	£6.76
DSG Contribution to School Improvement	£18.37	£16.97	£10.45
ESBD School Support Team *	n/a	£9.10	n/a
Minority Ethnic School Support Team *	n/a	£1.49	£1.49
Fischer Family Trust – School Licences *	n/a	£0.53	£0.53
School Maternity / Paternity 'insurance' *	£18.63	£25.62	£17.93
Trade Union Facilities Time *	£4.56	£4.56	£4.56
Trade Union Health and Safety Rep Time *	£0.70	£0.70	£0.70
School Staff Public Duties & Suspensions Fund *	£0.94	£0.94	£0.94
Total £app maintained schools	£43.30	£66.78	£43.47
Total £app academies (* do not contribute)	£43.30	£23.84	£17.33
FSM Eligibility Assessments (FSM based) *	n/a	£5.80	£5.14

The Schools Forum has established de-delegated funds, as permitted by the Finance Regulations, to:

- Take advantage of the economies of scale brought about by bulk purchase. This applies to Fischer Family Trust subscriptions. The alternatives here are for schools that want to subscribe to FFT to do so on a smaller group or an individual basis (at a higher per unit cost).
- Provide services that schools would find difficult and / or less cost effective to replace on an individual basis (either in house or through an external provider). This applies to FSM eligibility assessment, where schools would need to have systems in place to access data and to check individual eligibility including up to date benefits information and systems for verifying this information. This also applies to ESBD School Support, where the need for services can fluctuate and where the price of services delivered by external providers can vary from those charged by the Council.
- Protect schools, especially smaller schools, against unpredictable expenditure. This applies to maternity and paternity costs and public duties and suspensions. The alternatives are for schools to have sufficient flexibility within their staffing structures for cover arrangements or, more commonly, to add maternity and other cover to their supply insurance policies.
- Provide for statutory responsibilities where there isn't a commercial alternative and where collective District-wide management and funding has significant cost, effectiveness and administrative benefits. This applies to trade union facilities time.

The 4 appendices attached to this report provide a summary of the position of funds and some additional information, which Members will find helpful:

- Appendix 1 sets out a starting proposal for 2017/18 for each of the de-delegated and centrally managed funds, based on information presented and discussion had at the previous 2 Schools Forum meetings.
- Appendix 2 gives a summary of the cost of funds in 2017/8 and how this cost varies from that in 2016/17, in per pupil terms.
- Appendix 3 is an extract from the Education Funding Agency's operational guidance, which lists the statutory duties provided by the Local Authority for all stated funded schools (including academies) and solely for maintained schools. This is presented with reference to the retention of the Education Services Grant (centrally retained duties), which has been transferred into the DSG at April 2017.
- Appendix 4 shows the cost of buy in to de-delegated funds for individual maintained schools in 2017/18 in total cash terms i.e. the total value of 'top slice' from each school's delegated budget. This shows that the cost of de-delegated funds in 2017/8 has increased on the value topsliced at the start of 2016/17, by £472,815 for the primary and by £122,498 for the secondary phase. These figures are based on the starting proposal set out in Appendix 1. The key reasons behind are the increased cost of the maternity and paternity scheme (primary and secondary), which includes recovery of an estimated overspending in 2016/17 (this adds £6 per pupil to the cost in 2017/18), and the proposed £150,000 provision for deficit budgets held by sponsored academy converters (primary only).

Details of the Item for Consideration

In reports to the 21 October and 7 December 2016 meetings, the Authority outlined its general expectations for the continuation of Early Years and Schools Block funds in the 2017/18 financial year. Appendix 1 is written on this basis; that the Schools Forum will:

- Continue to provide sufficient funding to be allocated to support the costs of in year growth in pupil numbers (the Growth Fund) allocated as per the agreed criteria (criteria agreed on 21 October 2016).
- Continue the small budget for Schools Forum costs (at £10,000).
- Continue the DSG's funding of admissions (at £577,600). Admissions funding from April 2018 will be affected by proposals for the National Funding Formula (a move to a formula basis, rather than historic actual spending). The regulatory restriction, which limits the maximum value of the admissions budget to the value held in the previous financial year, has now been lifted. However, we are not proposing to increase the admissions budget from £577,600 for 2017/18.
- 'Passport' in full the ESG Centrally Retained Duties to the Local Authority's budget (at £1.4m) for the statutory duties delivered by the Local Authority on behalf of all state funded schools.
- Ratify the recommendation already made to cease at 1 September 2017 the DSG's matched contribution to school improvement and early childhood services and to release this funding back to the formula base amount per pupil.
- Continue de-delegation, according to the current principles that guide the values of per pupil contributions, where this is supported by school colleagues, but where there is also either still critical mass (a sufficient number of maintained schools) or where the framework is in place for academies to buy into arrangements through the Local Authority and where academies demonstrably are doing so. The Authority strongly recommends that de-delegation for ESD School Support, Trade Union Facilities Time and FSM Eligibility Assessment is continued in 2017/18 across all applicable phases.
- Continue de-delegation for safeguarded salaries (the Re-Organisation Cost fund) on the basis of actual cost of continuing safeguards. This cost is reducing each year.

The report presented to the 7 December meeting also specifically:

- Set out how the continued conversion of maintained schools to academy status is expected to affect de-delegation in 2017/18, highlighting especially the expected smaller number of maintained secondary schools and the question this poses for the financial viability of the maternity and paternity insurance scheme, and other funds, for this phase. The Local Authority recommends that the de-delegated funds for maternity / paternity insurance, staff suspensions / public duties and exceptional circumstances are continued for nursery and primary schools in 2017/18, with contributions set at a value to meet anticipated costs. The Authority recommends that the Forum gives serious consideration to the cessation during 2017/18 of de-delegation for the maternity / paternity insurance scheme, the staff suspensions / public duties fund and the exceptional circumstances fund for the secondary phase.
- Raised the issue of how financial provision is made for the cost of deficit budgets of primary schools that convert as sponsored academies during 2017/18, where the individual cost of each deficit may be small but where the cumulative cost may be more significant.
- Asked the Members representing maintained schools to take a decision on de-delegation for the subscription to Fischer Family Trust. The minutes of the meeting record that further consideration is required. As such, the decision has been postponed to this meeting. The Authority previously has recommended to the Schools Forum that the District-wide subscription is continued for at least 2017/18.

The DfE's 2nd stage consultation on the National Funding Formula, which was published on 14 December, does not say very much specifically about the future position of de-delegation. However, we do understand that the DfE's intention is still for de-delegation to cease at April 2019. The 2nd stage consultation document does refer to the new time-limited provisions, which enable local authorities with the agreement of their Schools Forums to de-delegate from maintained schools for financing school improvement activities as well as to replace the ceased ESG General Rate Duties funding, up to April 2019. Recognising the time-limited nature of these provisions, as well as our development of our sector-led model, we are not putting proposals to the Schools Forum related to these provisions in 2017/18. The DfE's 2nd stage document does also give a steer about the expectation that local authorities will trade all services with schools and academies in a competitive market place in the future. In this context, we must continue to consider, and to review annually, how our centrally managed services are financed. We must also continue to closely monitor the value for money of these services in the market place.

Details of the Item for Consideration (continued)

Fischer Family Trust – School Licences

Currently the Schools Forum purchases an FFT Aspire subscription for all Bradford schools and academies through de-delegation. The current subscription expires on 31 March 2017. Bradford Council is required to confirm to FFT what FFT Aspire subscription it will be purchasing for the 2017-18 financial year.

A decision on this has been postponed from the 7 December meeting. Since this meeting the Authority has met with FFT, who are now offering the following subscription options:

1. Local Authority subscription only
2. Local Authority plus all schools subscription (this secures a 65% discount)
3. Local Authority plus selected schools - minimum of 25% of schools (secures approximately a 35% discount)
4. Schools subscribe directly with FFT (no discount)

Appendix 1 shows de-delegation based on the cost of option 2, where this cost is split across all maintained primary and secondary schools and also where academies buy in to recover the full subscription cost. As outlined in the report to the 7 December meeting, where the Schools Forum chooses to continue de-delegation for FFT, academies will be asked to subscribe on the same cost basis. This contribution will be optional, but settings that do not contribute cannot expect to access the data.

The School Improvement Performance Manager will attend the meeting to provide further information on subscription options and to support the Forum's discussion.

Maternity / Paternity Insurance Scheme and Public Duties and Suspensions Funds

The table below repeats the information presented on 7 December on the % of local authorities that de-delegate for staffing supply arrangements and how our spending on these arrangements compares. We have identified previously that our spend is substantially higher than in other authorities because of our operation of our maternity / paternity insurance scheme, which reimburses a school for the cost of a member of staff on maternity leave so that the school has budget available to provide cover. This fund is the most significant in value of all our de-delegated funds.

England National	Statistical Neighbours	Met Districts	Yorks & Humberside
51%	80%	57%	47%
Bfd Cash Difference to National	Bfd Cash Difference to Stat Neigh	Bfd Cash Difference to Met Dist	Bfd Cash Difference to Y&H
1,138,414	722,452	1,138,414	1,554,376

Academies in Bradford do not access the Council's de-delegated maternity / paternity insurance scheme nor the public duties / suspensions fund and there are commercial alternatives through insurances.

The Local Authority recommends to the Schools Forum that the de-delegated funds for maternity / paternity insurance and suspensions / public duties are continued for nursery and primary schools in 2017/18, with contributions set at a value to meet anticipated costs. The cost effectiveness of these funds for the nursery and primary phases must continue to be monitored and reviewed before decisions taken for 2018/19.

The Authority recommends that the Forum gives serious consideration to the position of de-delegation for both the maternity / paternity insurance scheme and for the staff suspensions / public duties fund for the secondary phase. The Authority calculates, based on the number of expected academy conversions, that there will be insufficient mass within the secondary phase to sustain the financing of these funds without the cost benefit to individual schools being heavily eroded (or reversed) and without clear risk that the cost will fall disproportionately on the remaining maintained schools and that any overspend against planned provision could not be recovered. This growth in cost (and reduction in value for money) at individual school level is shown / suggested in Appendix 4. In ceasing these funds, schools will decide how to make alternative arrangements, including taking out insurances.

Appendix 1 sets out a proposal, for the secondary phase, for the staff suspensions and public duties fund to be ceased from 1 April 2017 and for the maternity and paternity insurance scheme to be ceased from 1 July

Details of the Item for Consideration (continued)

2017, meaning that no new claims will be funded after this date. Existing claims will be funded after this date until these expire. This will enable exit from the funding of this scheme in a managed way. It is proposed that a full year value is de-delegated initially from the secondary phase, recognising the continued funding of existing claims as well as the retrospective recovery of the over spending in 2016/17. A reimbursement will be made to applicable schools should this fund under spend in 2017/18.

'Contingency-Type' De-delegated Funds (Including Deficits Provision in the Primary Phase)

There are 2 contingency-type de-delegated funds a) Exceptional circumstances / Schools in Financial Difficulty (SIFD) and b) School Re-Organisation Costs (including deficit budgets provisions).

As set out in Appendix 1, it is proposed that a sum of £100,000 continues to be de-delegated from the primary phase in 2017/18 for an exceptional circumstances / SIFD pot. This is reduced from £150,000 in 2016/17. However, in line with the other recommendations around the cessation of other funds, it is proposed that no funding is de-delegated from the secondary phase for this purpose in 2017/18.

As also set out in Appendix 1, it is proposed to de-delegate a total value of £199,324 for School Re-Organisation costs, broken down as follows:

- £49,324 for the actual cost of continuing safeguarded salaries in maintained schools; £46,253 in primary and £3,071 in secondary. This is a reduction in cost on that in 2016/17.
- £150,000 from the primary phase only for provision for the cost of deficit budgets of schools converting to academy status under sponsored arrangements.

Regarding the £150,000, the Authority would like the Forum (primary maintained school members) to consider establishing provision that will be available to meet the cost of any deficit balances of primary schools that convert to academy status under sponsored arrangements during 2017/18. Previously, the Forum has agreed that any necessary provision will be made retrospectively, as paragraph 1.3 (d) of Document FU from 6 January 2016 meeting articulates, "If it is necessary to write off to the DSG a deficit of a closing maintained school, or a maintained school that converts as a sponsored academy during 2016/17, where budget provision has not been specifically made, this will be done retrospectively from the 2017/18 DSG or from any one off balances available at the end of 2016/17." However, given the expected trajectory of conversions, the Authority is concerned about the disproportionate impact on remaining maintained schools of making financial provision for deficits retrospectively at the beginning of 2018 when the number of maintained schools that will contribute to the cost may be much smaller than at the beginning of 2017 e.g. the impact on individual schools of a £150,000 provision made up of contributions from 125 maintained schools will be smaller than a £150,000 provision from contributions from 80 schools. The Authority is currently working with a small number of primary schools that may hold small value deficits on their conversions. The proposal to establish £150,000 is put forward in this context. Individually, these may not be deficits of a large value, but cumulatively may be more significant. The position of balances of potential sponsored converting secondary schools is not the same and it is not proposed to de-delegate from the secondary phase for this purpose at this stage.

Education Services Grant Centrally Retained Duties

The DfE has transferred the Centrally Retained Duties element of the ESG into the Schools Block DSG from 1 April 2017. Bradford currently receives £1.43m, calculated on £15 per pupil for all pupils state funded schools and academies, but has received £1.401m in the confirmed 2017/18 DSG settlement announced in December. This funding is allocated to support the Authority in meeting its statutory duties relating to all state funded schools and academies. These are listed in Appendix 3. The Authority currently spends in excess of £1.4m on these statutory functions, covering statutory posts (£0.18m), asset management (£0.88m), pupil welfare (£0.67m), capacity for place planning and education transformation (£0.08m) and school improvement monitoring (£0.11m). As such, and as this is an existing grant allocation that has been transferred into the DSG (at a reduced level), the Authority expects that the Schools Forum will agree for the full £1.4m value to be passported back.

For the Forum's reference, the DfE has recently announced a new grant for local authorities, to begin at September 2017, which will fund a continued minimum level of school improvement capacity in the wake of the cessation of the ESG General Rate funding and the reversal of the proposal for all schools to be required to convert to academy status. It is anticipated that Bradford will receive in excess of £150,000 a year through this grant.

How does this item support the achievement of the District's Education Priorities

The recommendations on the future funding of services will need to find the correct balance between cost effectiveness and value for money, the protection and delivery of essential services for vulnerable children, the protection of school budgets against unpredictable expenditure and giving schools and academies flexibility to take their own decisions, in response to a changing landscape. These build on the principles previously established by the Forum.

Implications for the Dedicated Schools Grant (DSG) (if any)

Recommendations will have direct implications for the distribution of the Schools and Early Years Blocks and for delegated formula allocations.

Recommendations

The Forum is asked to note the information provided. This will inform decisions and recommendations to be taken under agenda item 11.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Summary of Funds 2017/18
Appendix 2 – Summary of the Cost of Funds 2017/18 (per pupil)
Appendix 3 – Split of Statutory Duties (ESG)
Appendix 4 – Summary of the Cost of De-delegated 2017/18 Funds by school

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