

## **Report to the Schools Forum 25 November 2016**

### **Centrally Retained Funds from the Dedicated Schools Grant for financial year 2017/18 – All Schools (including services formerly funded by ESG)**

#### **1 Introduction**

- 1.1 As part of the revised funding arrangements for schools which took effect from April 2013, DSG is split into 3 notional blocks: Schools; Early Years and High Needs. Any DSG that is held back from the Schools Block and that is not funding unavoidable historical commitments, has to be agreed with the Schools Forum.
- 1.2 The nature of the agreement depends upon how the DfE have classified the areas of expenditure in their regulations. As there are no DSG commitments in T&W that fall within the definition of historical commitments, this leaves three main areas:
- Funds which with the agreement of the Schools Forum, voting as a single body, can be retained centrally prior to the calculation of delegated budgets. Approval is required for the amount on each budget line. The retention impacts equally upon maintained school and academy budgets and for 2017/18 will include some services formerly funded by the Education Services Grant (ESG);
  - New for 2017/18, funds for services formerly funded by ESG, applying to maintained schools only;
  - Funds which will have to be delegated to schools but can be de-delegated from maintained schools only with the agreement of the representatives of each maintained phase on the Schools Forum.
- 1.3 The subjects of this paper are all central retentions which apply to all schools and include some which existed prior to the abolition of ESG and some which were previously funded by ESG. ESG related central retentions which apply only to maintained school and de-delegation, applying only to maintained primary and secondary schools, are covered in separate papers.
- 1.4 ESG for duties relating to all schools represents the 'retained duties' element of DSG. The £410K allocated for this for T&W in 2016/17 has been added to the Schools Block DSG for 2017/18.
- 1.5 Central retentions proposed in this paper are approved or not approved by the Schools Forum voting as a single body.

#### **2 Summary of Centrally Retained DSG Proposals for 2017/18**

- 2.1 Existing categories of central expenditure funded by schools block DSG, approved by the Forum in recent years and requested for 2017/18 are shown overleaf:

Category	Approved 2015/16	Approved 2016/17	Requested 2017/18
Capital Expenditure from Revenue (CERA)	£594,907	£352,000	£0
Falling Rolls fund	£450,000	£75,000	£0
School admissions service	£392,356	£392,356	£357,356
Pupil Growth / Infant Class sizes	£165,000	£100,000	£100,000
Safeguarding training	£25,000	£25,000	£25,000
Support for Schools Forum	£17,124	£17,124	£17,124
Total	£1,644,387	£961,480	£499,480

2.2 To put these figures into context, the amounts budgeted by T&W in 2016/17 can be compared to other LAs using the data available on section 251 returns, here: <https://www.gov.uk/guidance/section-251-2016-to-2017>. A summary of this is as follows:

**Net expenditure per pupil 2016/17 from Section 251 Budget return, lines 1.4.1 to 1.5.1, comparing T&W to England average**

England overall	Contribution to combined budgets	School admissions	Servicing of schools forums	Termination of employment costs	Falling Rolls Fund	Capital expenditure from revenue (CERA)	Prudential borrowing costs	Fees to independent schools without SEN	Equal pay - back pay	Pupil growth/ Infant class sizes	Exceptions agreed by Secretary of State	Other Items	Other Specific Grants	Total	
<b>Mean</b>	£19	£9	£1	£4	£1	£9	£4	£2	£1	£21	£3	£1	£4	£1	£79
<b>Median</b>	£12	£8	£0	£0	£0	£0	£0	£0	£0	£17	£0	£0	£4	£0	£41
<b>Maximum</b>	£106	£27	£23	£39	£19	£102	£69	£123	£30	£93	£50	£66	£24	£113	
<b>Minimum</b>	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
<b>T&amp;W</b>	£1	£14	£1	£0	£3	£12	£0	£0	£0	£3	£0	£0	£4	£0	£38

2.3 This demonstrates that the amount allocated in 2016/17 was less than half the mean amount across LAs, and somewhat less than the median amount. As the amount requested for 2017/18 is just over half that in 2016/17, this strongly suggests that T&W's overall requests in these areas will be much less than the average or median LA.

- 2.4 In terms of the new areas falling under this category, they are the formerly ESG funded duties that apply to both academies and maintained schools. We are not yet able to put detailed proposals to the Forum for this area as:

*“The split of former ESG duties to be funded from the centrally retained schools block funding (for all pupils) and from the mechanism set out below (for maintained school pupils only) will be set out when we consult on the Schools and Early Years Finance Regulations later this year” (EFAOG, para 71)*

- 2.5 These Regulations have yet to be released for consultation. This paper therefore just summarises in section 3.7 the areas likely to fall under this category, based upon the DfE document *“Clarification of LA statutory duties relating to services relevant to the Education Services Grant”* (July 2014).
- 2.6 The EFAOG notes that *“LAs will need to ensure they retain sufficient funding centrally to cover duties previously funded by the ESG retained rate in addition to the responsibilities that are already funded from centrally retained DSG.”* (EFAOG, para 71).
- 2.7 Further details of ESG allocations and budgeted expenditure in T&W is provided in the Forum paper covering services currently funded by ESG for maintained schools only.

### **3 Detailed Descriptions of Each Area Proposed for Central Expenditure in 2017/18**

#### **3.1 CERA**

- 3.1.1 We had previously agreed with the Forum (see minutes of meeting held in November 2015) that the remaining £100,000 of CERA covering BSF project support would cease after 2016/17.
- 3.1.2 In addition, as part of the ‘re-baselining’ process for DSG blocks in the summer, the DfE amended the rules to mean that CERA can only be requested for historic commitments. As the remaining £252,000 of CERA is used to contribute to the cost of managing and maintaining the schools estate, the DfE has confirmed that this does not fall under the category of historic commitments.
- 3.1.3 ***As a result of these two issues, no CERA is requested for 2017/18.*** As CERA is one of the categories of central expenditure for which *“the budget cannot exceed the value agreed in the previous funding period”* (EFA EFAOG for 2017/18, p31) this means that CERA funding has now ended in T&W.
- 3.1.4 However, asset management forms part of LA statutory duties and so retained funds are being proposed as part of the process for funding these duties after the reduction (between April 2017 and August 2017) then removal of the general funding element of ESG.

## 3.2 **Falling rolls fund**

- 3.2.1 There has been a falling rolls fund in T&W for a number of years. It has been allocated to schools with a reduction in pupil numbers of more than 3%. The support provided has been for one year only i.e. the school would only receive further falling rolls support if the following year saw a further reduction in pupils of more than 3%.
- 3.2.2 As noted previously (e.g. see Forum minutes from September 2015) falling rolls has become an issue of more limited significance in T&W in recent years. The increase in pupils has led to most schools having stable or increasing pupils, and this trend has now reached the point where it is starting to reverse the sharp reductions in pupil numbers in the secondary sector that had been a feature of T&W for several years.
- 3.2.3 We do not yet have confirmed pupil numbers from the October 2016 census. We do however have draft numbers and have used these to estimate the allocations in 2017/18 if we retain the same criteria as previously. In addition to the 3% threshold, DfE rules mean that to be eligible schools must have a 'Good' or better Ofsted rating. The qualifying date for this rating has been set locally (Schools Forum January 2015) at 1<sup>st</sup> January preceding the relevant financial year, i.e. 1 January 2017 for 2016/17. The school must also be expected to increase pupil numbers over the next few years.
- 3.2.4 Based on these criteria and draft numbers, 4 schools, all in the primary sector, would meet the criteria for falling rolls support in 2017/18. The largest decrease in pupil numbers in an individual school is 5.6%.
- 3.2.5 ***In the context of the relatively modest scale of falling rolls, the LA is minded to not allocate funds to falling rolls in 2017/18. Forum's views are requested.***

## 3.3 **School Admissions service**

- 3.3.1 The School Admissions Team undertake all the actions to do with school admissions and home to school transport decisions for general pupils.
- 3.3.2 Each summer the new admission rounds for the academic year due to start in 15 months time are set up. For the reception round this involves receiving and cleansing data on children in the appropriate age cohort from NHS. Each family will then receive a letter and mini guide advising on the process of applying for a school place. Schools, pre schools and childminders will receive information and notifications of advising how parents they need to apply.
- 3.3.3 The information is double checked with information from pre-schools, nurseries and childminders and each child is assigned to a school attendance area. The family of each of the children is then sent a letter and application form inviting them to apply for a school place. This letter informs them of how and when to apply and which school's attendance area they live in. Booklets and leaflets containing more detailed information are also sent out through nurseries, pre schools and childminders. Team members also attend coffee mornings in specific areas where we need to promote

applying for a school place. to encourage parents to apply and answer specific queries.

- 3.3.3 For the Year 7 round and also for any children transferring from an infant to a junior school the team collect information in the summer term about children due to transfer in 15 months time.
- 3.3.4 Letters and information booklets are sent out through schools near the beginning of the autumn term. The team also co-ordinate the dates of school open evenings and other events. Members of the team are available to answer queries about the transfer process. Letters are sent to all Telford & Wrekin Primary schools with information on how to apply, together with the mini guide booklets. Information is also shared with neighbouring LA's.
- 3.3.5 For all these admission rounds the team maintain and service an Admissions website which gives detailed information and allows families to apply for school places on-line. Social media is also used to promote awareness to parents.
- 3.3.6 The team receives and processes all the admission applications. They also have a system of 'chasing' families who have not replied to maximise the number of on time applications. As part of this process they liaise with neighbouring LAs over cross border applications and offers.
- 3.3.7 Once all the allocations have been determined the team send out notifications informing all applicants of their allocated school place. They then operate a review scheme for those who are not happy with their allocation and wish to change it. Any difficulties that are not able to be sorted out at this stage can then be taken on to the appeal stage of the process. For Community and controlled schools, for whom they are the admission authority, the team then produce appeal statements and represent the school at the formal appeal hearings. For other maintained schools they will support the school to produce appeal statements. The number of appeals processed by the team is continuing to increase by a significant number. There have been as many appeals lodged by the current date as there were in the period from September to March in 2015/2016. If there are any complaints about this process, and parents go to the Local Government Ombudsman, the team will respond to the ombudsman.
- 3.3.8 All In-year requests for admissions to Telford schools are also processed by the team.
- 3.3.9 In total the team are now processing more than 7,000 applications per year. This represents over a 9% increase over the couple of years. The increase is due to an increase in birth rate and higher migration both into and within the borough, in part due to new housing. This has resulted in an increased pupil population coming into Reception and also a significant increase in inward mobility and internal mobility within the borough.

3.3.10 The Admissions team is also responsible for supporting the Local Admissions Forum and overseeing all consultation on proposals by any school or academy to alter its admission policy in any way. They offer advice to school governing bodies on any admissions issues or planned admission numbers and see that the Code of Practice on School Admissions is being followed locally. They produce an Annual Report to the Office of the Schools Adjudicator on the operation of the Code of Practice within Telford and Wrekin.

3.3.11 In addition the team present at Fair Access Panel and negotiate placements for challenging pupils.

3.3.12 The Admissions Team offers a comprehensive service and demands on the service are high due to high levels of pupil mobility compared to other LAs. The cost of the service is approximately £15 per pupil..

3.3.13 Forum may wish to note that DfE rules do not allow us to increase the amount requested for Admissions and as a result;

- The amount has remained constant since 2013/14;
- Year on year increases in pupil numbers are decreasing expenditure per pupil each year;
- Any inflation is having to be absorbed by the service.

3.3.14 Any reduction in DSG funding will result either in cuts to the service or to additional costs being picked up from general council funding, which is under severe and continuing pressure. Once this central top slice is reduced it cannot be increased in future years. However, the service has formed part of a restructure of services within Education & Corporate Parenting, as a result of which management costs have reduced.

**3.3.15 *It is therefore proposed that £357,356, £35,000 less than in 2016/17, is retained centrally in 2017/18 for the school admissions service.***

### **3.4 Pupil Growth / Infant Class sizes**

3.4.1 In 2016/17 the Forum approved £100,000 to be held in a fund for schools either:

- experiencing in-year growth in pupil numbers of more than 5%, where that growth was not a result of an increase in the school's admission number that was not supported by the LA;
- with Key Stage 1 pupil numbers that are less than a multiple of 30 plus 10 and where there is a statutory requirement to employ an additional teacher to comply with class size regulations.
- that the Forum considered had demonstrated a financial need for the additional support, e.g. in the context of the level of the school's revenue balances.

- 3.4.2 It was decided by the Forum to not allocate any funds for KS1 class size protection in 2016/17.
- 3.4.3 The 2017/18 approach to pupil growth was discussed with the Forum at the September 2016 meeting in the context of the EFA's Operational Guidance covering the growth fund and the alternative avenue for schools with growth related to recent opening or an LA agreed change of PAN (i.e. in response to basic need). It was agreed to request permission to fund HLC Primary and HTA on estimated pupil numbers and thus not need to use the pupil growth fund for these schools. We have yet to receive a decision from the EFA.
- 3.4.4 Excluding these schools and Newport High, growing due to an increase in PAN which was not agreed by the LA as a response to basic need, 15 schools have grown by more than 5%. This number demonstrates the widespread growth in pupil numbers in the area. Based on the budgets set for 2016/17, 7 of these schools would end the year with less than the balances threshold (5% of budget for secondary schools, 8% for other schools) and so potentially be eligible for a payment from the pupil growth fund. Based on the typical pattern of schools underspending against their budget, the actual number of eligible schools could be more than this.
- 3.4.5 ***It is proposed that £100,000, the same amount as 2016/17 is held for funding pupil growth in schools and that the allocations are scaled down if necessary so as to spend no more than this sum. This sum is proposed on the assumption that the LA's application to the DfE to fund HLC Primary and HTA is accepted – if not, then this area will need to be revisited.***

### 3.5 **Safeguarding training**

- 3.5.1 For the last 6 years, the Forum has agreed to provide these funds to support the Investing in Safeguarding Scheme (ISS), which provides training for school staff. The funding pays for 2.5 days per week of an Education Safeguarding trainer, plus administrative support and management costs, together with IT and consumables, accommodation and venues. This enables the following services to be provided to schools:
- One whole school training event for a maximum of 60 people;
  - One place on the Designated Person in Schools course per year;
  - Access for all Designated Persons in the named schools to specific update sessions;
  - Access to GEL Safer Recruitment in Education courses for all relevant staff;
  - Administrative support to the booking process
  - Additional whole school training sessions, subject to trainer availability, at an additional cost of £100;
  - Places on catch up sessions run centrally for the occasional staff member who has been unable to attend whole school training due to unavailability on the day;

- Access to Telford & Wrekin Safeguarding Children Board (T&WSCB) Level 2 courses for Designated Persons and relevant staff – ISS members are charged as a contributing member of the T&WSCB, which makes most courses free.

3.5.2 ***It is proposed that for 2017/18, we continue to retain £25,000 of DSG centrally to fund safeguarding training for staff in schools.***

### 3.6 **Support for Schools Forum**

3.6.1 This fund contributes towards the costs of staff time to prepare papers for the Forum, prepare minutes and agendas, organise the meetings, maintain the website records, etc. It also funds the provision of accommodation for the meetings.

3.6.2 ***It is proposed that £17,124, the same as in 2016/17, is retained centrally in 2017/18 towards the cost of servicing the Schools Forum.***

### 3.7 **Statutory Duties for all schools, previously funded by ESG**

3.7.1 As noted in paragraph 2.5 above, these duties are summarised in the DfE document “*Clarification of LA statutory duties relating to services relevant to the Education Services Grant*” (July 2014). In two of these areas, new provisions for premature retirement and redundancy costs and monitoring national curriculum assessment, ESG funded responsibilities only apply to maintained schools and so are not included in the following descriptions.

#### School Improvement

3.7.2 There is statutory guidance describing LA responsibilities in this area, “*Schools causing concern: Intervening in failing, underperforming and coasting schools, Guidance for LAs and RSCs*”, March 2016.

3.7.3 This states that “*Academies are accountable to the Secretary of State. Therefore, LAs should focus their school improvement activity on the schools they maintain. LAs should raise any concerns they have about an academy’s standards, leadership or governance directly with the relevant RSC.*” (Chapter 6, page 39). However, to date, Ofsted has continued to treat LAs as being responsible for standards in all schools in its area, including academies, despite the LAs lack of power of intervention in academies.

#### Statutory & Regulatory Duties

3.7.4 LAs have significantly more duties in this category for maintained schools compared to academies, but for all schools are obliged to:

- appoint a Director of Children’s Services and strategically plan for its education service;

- prepare revenue budgets for all schools (i.e. the EFA communicates budget allocations to academies, but the determination of the funding formula which determines most of this is performed by the LA) and incorporate income and

expenditure into the LAs annual statement of accounts and arrange and pay for the external audit of grant claims and returns relating to education;

- perform internal audit and other tasks necessary for discharging chief financial officer responsibilities;

- provide information as required by the Secretary of State.

#### Education Welfare Service

3.7.5 LAs have similar duties for all schools, the only additional power regarding maintained schools being the right to inspect registers. The duties are to;

- Make arrangements to identify children not receiving education;
- Take enforcement action regarding parents whose children are not receiving suitable education.
- Publish a code for penalty notices to address poor attendance & administer it;
- Improve attendance where schools report absence to them.
- Investigate the whereabouts of pupils who have poor attendance
- Comply with all other obligations under the Education (Pupil Registration) (England) Regulations 2006
- Administer and enforce protections for those below compulsory school leaving age taking part in employment.

#### Central support services

3.7.6 Expenditure under this heading is not statutory, but can include expenditure on pupil support (e.g. clothing grants), music services, visual and performing arts and outdoor education. *Asked Ed whether academies receive any free arts provision funded by the LA.* The LA currently pays for deprived pupils from maintained schools only to attend Arthog, at an annual cost of around £100K.

#### Asset management

3.7.7 In addition to specific obligations for maintained schools, LAs have a general landlord duty for all buildings leased to academies (under the relevant academy lease) and for all community school buildings. LAs also have overall responsibility for capital strategy, including basic need, for all pupils.

#### Therapies and other health related services

3.7.8 The Children and Families Act 2014 places a statutory duty on LAs and local health bodies to commission services jointly to support disabled children and young people and those with special educational needs, including those needing therapy support.

**3.7.9 Pending more information from the DfE, at this stage Forum is just asked to note that the above statutory duties will need to be funded from DSG, that £410k has been transferred by the DfE from ESG to schools block DSG in 2017/18 and that at the January meeting of the Forum, there will be a vote on the amount to be retained from DSG for these duties.**

Tim Davis  
Finance Team Leader  
November 2016