



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 17 January 2013

**Agenda Item
6**

Report Status

For information/note
For consultation & views
For decision

Report Title: 2013-14 Budget Strategy, including further implementation of School Funding Reform.

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Purpose:

To inform members of the Dedicated Schools Grant (DSG) for 2013-14 and its allocation within the context of the Dedicated Schools Budget (DSB).

To seek the Forums approval of the proposed central services and central schools expenditure.

To seek the Forums decision on the proposed de-delegation of the services set out in paragraphs 3.21 to 3.24.

Recommendations:

- (i) The Forum is asked to note the indicative DSG and DSB for 2013-14 (Section 2).
- (ii) The Forum is asked to approve the retention of the Central Services budgets (Paragraphs 3.6 to 3.11)
- (iii) The Forum is asked to approve the criteria for the Growth Fund and the criteria for its use (Paragraph 3.15).
- (iv) The primary phase members of the Forum are asked to approve the de-delegation of:
 - a. Support for Schools in Financial Difficulty (Paragraph 3.21)
 - b. Behaviour Support Services (Paragraph 3.22)
 - c. Support to Underperforming Ethnic Minority Groups and Bilingual Learners (Paragraph 3.23)
- (v) The secondary phase members of the Forum are asked to approve the de-delegation of:
 - a. Support for Schools in Financial Difficulty (Paragraph 3.21)
 - b. Behaviour Support Services (Paragraph 3.22)
 - c. Support to Underperforming Ethnic Minority Groups and Bilingual Learners (Paragraph 3.23)
- (vi) The Forum is asked to decide between the options for de-delegation of time off for trade union duties as presented in Appendix F.

1. Background and Introduction.

- 1.1. As reported to the last meeting of the Forum, the Dedicated Schools Grant (DSG) is a ring-fenced government grant that must be used in support of the Dedicated Schools Budget (DSB).
- 1.2. The funding provided through the DSG will either be delegated to all schools, Academies and Early Years providers through the relevant formula or retained by Haringey, largely for commissioning and funding high needs places and provision but also to fund a limited range of pupil focused central services.
- 1.3. As well as funding from the DSG, the DSB also includes funding for the pupil premium and for pupils and students aged 16+ from the Education Funding Agency (EFA).

2. Indicative DSG 2012-13

- 2.1. We reported to the last meeting of the Forum the process followed by the Department for Education (DfE) in calculating the baselines for the DSG in order to implement the reformed funding arrangements for 2013-14.
- 2.2. The Education Settlement was finally announced on 19 December 2012. The key points were anticipated in the report to the Forum on 6 December. The indicative DSG has been set at £226.834m for 2013-14 and is analysed in Appendix B. The increase of £0.59m between our estimate and the indicative DSG was due to:
 - £0.9 of transitional relief for three year old funding,
 - £0.047m transfer into DSG for newly qualified teacher induction,
 - £0.098m additional funding for high needs students
 - -£0.454m lower than anticipated Schools Block pupil numbers (30,589 compared with an estimated 30,667).
- 2.3. We also reported our assumptions on Pupil Premium and Post 16 EFA contributions. The pupil premium estimate has been updated following the provisional settlement, although the final allocations for 2013-14, using January 2013 data, will be announced in the summer. The updated estimates are incorporated with the indicative DSG in Appendix B which sets out the projected income from all sources that will be used to fund the DSB in 2013-14.
- 2.4. The DSG funding is indicative because it will be re-determined by changes in early years pupil numbers. The Early Years DSG is currently estimated on January 2012 participation levels but will initially be updated with data from the January 2013 pupil count and will be finalised using January 2014 census participation numbers.

- 2.5. We reported in December on some of the issues that will affect the Early Years Block, including the impact of changes to free full-time place numbers and the associated change in part-time numbers through the free entitlement. A further issue was the transitional arrangements following the removal of the 90% guarantee on the number of three year olds funded. The transitional adjustment has been confirmed at 50% of the former top-up. Based on January 2012 numbers this still represents a net reduction of £0.462m.
- 2.6. Officers will continue to monitor the position on the Early Years Block as adjusted by the January 2013 pupil numbers and report to Forum with budget proposals at its next meeting.
- 2.7. Officers will also present High Needs Block budget proposals to the next meeting of the Forum.

3. Schools Block

- 3.1. As reported in December, under the new arrangements, the Schools Block must be delegated to mainstream schools and Academies through a compliant formula with limited exceptions
- 3.2. As part of the changes from April 2013 the DfE has now announced that it will arrange one license with the Copyright Licensing Agency (CLA), and the Music Publishers Association (MPA), to purchase a single national licence for all state-funded schools in England. This means that local authorities and schools will no longer need to negotiate individual licences. The Department will pay the cost, including VAT, to the CLA and MPA and will provide this as a service to local authorities at a charge. The charge for Haringey will be £62k in 2013-14 and the DfE has confirmed that a deduction to cover this is an allowed exception to delegation from the Schools Block. The 2013-14 deduction has been included in Appendix C.

Central Services

- 3.3. With the agreement of Schools Forum, local authorities can continue to centrally retain a number of historic and statutory commitments. These include, in Haringey, admissions - (£421,400), servicing of schools forum - (£10,000), Capital Expenditure Funded from Revenue (CERA) - (£489,100), Contribution to Combined Budgets - (£2,158,300); and Miscellaneous (£302,900).
- 3.4. No new commitments or increase in expenditure from 2012-13 levels, with the exception of the CRC budget, are allowed. The local authority proposes to continue to retain the budgets set out in paragraph 3.3 and detailed below to meet historic and statutory commitments. In the case of the CRC budget only, it is proposed to vary the budget to reflect new commitments only.

- 3.5. Members of the Forum will recall that the DSG was introduced in 2005 to replace a former 'Schools Block' which covered budgets for schools, pupils and activities carried out by the local authority on behalf of schools and pupils. Although new commitments have been entered into with the approval of schools forum, these budgets fund staffing and commitments, including overheads, that have supported the provision of education in the borough. Should support from schools forum to centrally retain these budgets be withdrawn, this would cause significant disruption and take time to unravel.
- 3.6. Admissions: This is a statutory duty of the local authority and the retained budget represents 75% of the Admissions and School Organisation Team.
- 3.7. Servicing of Schools Forum: Maintaining a schools forum is a statutory duty and a small budget of £10k exists to cover the cost of officer input into preparing forum reports and attending meetings of the forum and its sub-groups, the cost of clerking, room hire, refreshments, stationary etc. The budget also covers any claims by members for childcare and has, in the past, been used to commission support to the Forum.
- 3.8. Capital Expenditure funded from Revenue Account (CERA): Capital spending has, in the past, been supplemented by contributions from the Dedicated Schools Grant (DSG); this is known as 'Capital Expenditure from the Revenue Account' (CERA). Previously this has related to a financing contribution agreed in support of the Secondary Schools BSF scheme. However, there are now a number of temporary primary school expansion projects required each year which, to be feasible, require support from revenue but which are managed as part of the overall Capital Programme.
- 3.9. Contribution to Combined Budgets: A detailed description of the services funded through this budget is included as Appendix D.
- 3.10. Miscellaneous: This is made up of the following relatively small allocations:
- Music Service. Reductions in the Music Education Grant (MEG) led the Forum to agree 'That the service should be wholly or partly funded from headroom as appropriate.' In 2012-13 the contribution from DSG was £168k and any contribution in 2013-14 will be capped at this level. The Head of Music and Performing Arts presented a report to the Forum on 26th January 2012 setting out the service provided and how the DSG funding was used: £138k in supporting pupils eligible for free school meals and £30k for a primary music specialist.
- 3.10.1. The balance represents expenditure on governor support and training which has historically not been recovered through charging.

- 3.11. LAs can also centrally retain funding in respect of the Carbon Reduction Commitment (CRC) - (£220,253). CRC is currently a statutory requirement and is in effect a tax on carbon use payable by the LA on behalf of schools and Academies. As such, it cannot be delegated and therefore needs to be retained as a central budget. There is a possibility that state funded schools will be removed from the scheme in the future and, should this be the case, the Schools Block CRC budget would be delegated to schools and Academies through the formula. Under the new funding arrangements and as stated in paragraph 3.4, this budget is not capped at the 2012-13 level.
- 3.12. Admissions, Schools Forum and CRC are statutory duties which the local authority must provide and must be charged to the Schools Budget. In the event that Schools Forum felt unable to approve central retention of the proposed budgets, the local authority has recourse to appeal to the Secretary of State.
- 3.13. In the case of the historic commitments (Combined budgets, miscellaneous and CERA), should Schools Forum feel unable to support the central retention of some or all of these budgets, the local authority would need to report back to the Forum on the service impact and financial implications of discontinuing the services.
- 3.14. Schools Forum, at their meeting on 6 December, agreed to allocate £1.5m to a Growth Fund for the benefit of all schools and Academies. Officers were requested to provide clarification around the proposed Growth Fund criteria.
- 3.15. The following proposed criteria will replace the growth factors in the current funding formula:
- Planned new form of entry approved by the Local Authority:
 - Classroom funding based on 7/12 months * appropriate basic per pupil entitlement * expected number in class; plus
 - A set-up allocation of £500 for each pupil in a standard class size for the relevant setting.
 - In-year bulge class:
 - Start up and classroom costs as above;
 - Ghost funding guarantee KS1:
 - Minimum basic per-pupil funding for 24 pupils in a bulge class established in a previous year: and
 - KS1 classes forced to exceed 30 pupils as a result of appeals:
 - A lump sum equivalent to the funding of a main-scale 1 teacher £32.8k pro-rata to the part of the year.
- 3.16. Officers will report all payments made against the Growth Fund to Schools Forum at least once a year. Any unspent Growth Fund would be carried forward and added to the Schools Block funding available for the following financial year.

- 3.17. In line with the new arrangements, schools and Academies will be expected to manage other class size issues within their delegated budgets. As a result, schools will no longer receive additional funding for average KS1 class sizes of less than 24 pupils.

Central Early Years Expenditure.

- 3.18. LAs can also centrally retain expenditure on early years with the agreement of their schools forums. We will be reporting on this in detail to the Forum on 28th February.

New Delegation and De-Delegation.

- 3.19. The funding to be delegated to schools and Academies in 2013-14 includes a number of budgets that were previously centrally retained by the local authority. The new delegation supports the enhanced commissioning role of schools and Academies. The new delegation includes services previously funded for Academies through Schools Block LACSEG as part of their General Annual Grant (GAG).
- 3.20. Maintained schools can choose to ask the LA to continue to provide services centrally, through a process called de-delegation. At this meeting, officers are proposing the de-delegation of the services set out in Paragraphs 3.21 to 3.24. Maintained schools members of the Forum are required to make a decision, by phase, for each of these services.
- 3.21. Support for Schools in Financial Difficulty (£220k). Schools Forum has historically supported the retention of a contingency to support schools in financial difficulty. Although it is incumbent on all schools to manage their resources efficiently and effectively, there are particular circumstances in which schools find themselves in need of support from their colleagues. Two examples are new management teams with inherited deficits and exceptional circumstances. The local authority proposes to de-delegate this budget to continue to support those schools deemed by the panel to meet the agreed criteria for supporting schools in financial difficulty. This would only apply to maintained schools where the phase had agreed to de-delegation.
- 3.22. Behaviour Support Services. See attached Appendix E.
- 3.23. Support to underperforming ethnic minority groups and bilingual learners (£766k). Historically, the LA also received EMAG which was used to provide centrally managed support to schools in respect of raising the attainment of pupils from ethnic minority groups. Following the demise of EMAG, the Forum at its meeting on 17 January 2011 agreed to continue to support this work, approving funding through the DSG. We are seeking the de-delegation of this budget for 2013-14 only in order to provide funding and time to reconfigure the service.

- 3.24. Staff supply costs. See attached Appendix F.
- 3.25. We are proposing that where de-delegation is approved by maintained schools, academies are also invited to buy into these services, at that time and on the same basis as the delegation i.e. all schools would be charged identically. Academies that decide to use the service at a later date would be charged a different rate reflecting both the actual costs of the service requested but also recognising that at times other than the point of de-delegation additional costs will have to be incurred to meet the additional demand.
- 3.26. The DfE vision for education includes an increased commissioning role for schools and Academies. This impacts on the role of the local authority and in response Haringey has consulted on a new Education vision. Subject to the outcome of the consultation, in future Haringey will only trade where services are of an excellent quality. A traded service offer and pricing policy are currently under development.

4. Updated School Budgets

- 4.1. The DfE have recently released the data-sets and final pro-formas for 2013-14 individual school budget shares. These will be used to recalculate budget shares and will be shared with the Forum at the meeting.

5. High Needs and Early Years Block

- 5.1 We will be reporting on these blocks to Forum on at its meeting on 28 February.

6. Cabinet and Education Funding Agency (EFA) Approval.

- 6.1. We reported to the last Forum on the issues raised by the EFA and our responses; no further issues have been raised. The 2013-14 funding formula recommended by the Forum was approved by the Cabinet of Haringey Council on 18 December 2012.

7. Education Services Grant (for information)

- 7.1 As part of the provisional Education Settlement, announced on 19 December 2012, the DfE announced that LA Block LACSEG will be replaced by a new Education Services Grant (ESG). The ESG will be distributed in the following way:
- Retained responsibilities: £15 for every pupil will be paid to local authorities for statutory duties that do not transfer to Academies such as Education Welfare Services and Statutory and Regulatory Duties;
 - Single national rate per pupil: The remaining funding will be divided equally among all pupils aged 3-19 in state-funded schools in

England with weightings applied for pupils in PRUs / AP Academies (4.25 weighting), and Special Schools / Special Academies (3.75). This will mean a single national per-pupil rate of £116 for local authorities in 2013-14.

- 7.2 Academies are to be protected following the reduced quantum for the ESG as a result of using the 2012-13 section 251 data to base this on. They will be protected in two ways through capping year-on-year budget reductions and through setting the ESG rate for Academies at £150 per pupil for 2013-14 academic year and £140 for 2014-15. DfE will use money from its budget to provide this protection and so will not affect the amount transferred from local authorities or the funding available for maintained schools.

8. Capital Funding

- 8.1 DfE have indicated that they will announce capital funding allocations for basic need, maintenance and devolved formula capital by the end of January 2013.

9. Next Steps

- 9.1 The final 5-16 pro-forma and an Early Years pro-forma, incorporating as appropriate decisions and recommendations of the Forum, will be returned to the EFA by the revised date of 22 January.
- 9.2 Detailed budget proposals for the High Needs and early Years Blocks will be presented to the Forum at their meeting on 28 February.
- 9.3 Indicative budget shares will be issued to all schools as soon as possible after 22 January.