

Date of meeting:	Thursday 12 November 2020
Title of report:	2021/22 School Funding: De-Delegation
Type of report: Delete as required	For information / decision
Executive summary: Including reason for submission	The report details the LA proposals for de-delegation in 2021-22. This report provides an overview of the use of de-delegated funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure Contingencies.
Budget / Risk implications:	Potential risk to services and resources for schools funded from de-delegated funding from April 2021
Recommendations:	As detailed in Section 6 in relation to voting the proposals for the continued de-delegation of the Schools in Financial Difficulty and Unreasonable School Expenditure Contingency budgets for the 2021/22 financial year
Voting requirements:	De-delegation: LA maintained primary and secondary schools only (in relevant phase)
Appendices:	N/A
Report originator and contact details:	Howard Emmett, Assistant Director – Strategic Resources Howard.Emmett@northyorks.gov.uk 01609 532118
Presenting officer: If not the originator	Howard Emmett Howard.Emmett@northyorks.gov.uk

1.0 PURPOSE OF THE REPORT

- 1.1 This report presents proposals for the de-delegation of funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure for the 2021/22 financial year. The report also provides a summary of the utilisation of the de-delegated funding over recent financial years.
- 1.2 The Schools Forum is asked to consider the report. Relevant phases of LA-maintained schools are asked to vote on recommendations for de-delegation for the 2021/22 financial year.

2.0 BACKGROUND

- 2.1 De-delegation applies only to LA-maintained schools. Where services are able to be de-delegated, the budget is technically initially delegated to all schools and academies. Services for de-delegation then have to be approved by Schools Forum and, if approved, the funding will be removed from maintained schools' budgets before final school budgets are issued.
- 2.2 The amount that can be de-delegated depends on the number of academy conversions; if there are more conversions of schools to academies the total sum de-delegated will reduce.
- 2.3 In the 2019/20 financial year, the Schools Forum took the decision to reduce the number of budgets that were de-delegated. The contingency budgets for Schools in Financial Difficulties Funding and Unreasonable School Expenditure are currently de-delegated along with PAFA (Trade Union costs). The Schools in Financial Difficulty de-delegated contingency also provides a contribution to the school compulsory redundancy costs budget. A shared approach to the funding of LA maintained school compulsory redundancy costs (which meet the redundancy support criteria) is operated with a 50% funding contribution from the local authority and 50% funded from the Schools in Financial Difficulty de-delegated contingency. The de-delegated funding contribution to the school redundancy costs budget in 2020/21 is £250k.
- 2.4 The DfE have confirmed that de-delegation of services will continue to be allowed for 2021-22. Schools Forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally; the decision will apply to all mainstream schools in that phase and will be voted on by the relevant maintained school members of the Forum only.
- 2.5 The services and amounts de-delegated in 2020-21, total £828k, and include:

	£k	£/pupil
Schools in Financial Difficulty Contingency	660	£16.01
Unreasonable School Expenditure Contingency	57	£1.39
Trade Union Costs	111	£2.79
TOTAL	828	

3.0 SCHOOLS IN FINANCIAL DIFFICULTY CONTINGENCY

3.1 The Schools in Financial Difficulty Contingency is available to support schools that have failed an Ofsted Inspection, are at risk of failing an Ofsted Inspection or have other serious issues that would impact on the education of the children and young people attending the school, and will cause pressures on school budgets and financial difficulties. Support is not available to schools facing budget and structural difficulties that would not ordinarily impact on standards. North Yorkshire County Council operate three specific elements to the Contingency:

- Schools in Financial Difficulty
- Schools Causing Concern
- Redundancy Support Costs Contribution

3.2 Schools in Financial Difficulty provides actual cash allocations to support schools who meet the criteria of the Fund. In order to be considered for financial support the school needs to have prepared a budget recovery plan which demonstrates a move back into a balanced budget position and how an allocation from the Fund would contribute to the achievement of this. This element of the contingency fund supports the LA school financial governance strategy and enables proactive action to assist schools with the delivery of their financial recovery plans. In 2019/20, £75k of the Fund was utilised to support three small, rural secondary schools with the additional costs associated with Public Service Vehicle Accessibility Regulations (PSVAR) to enable them to manage the transition to the increased cost base. A further £25k was used to support a relatively small primary school in retaining staffing resources, whilst recovering a budget deficit, to meet expected increased demand for provision resulting from very significant housing development in the area.

3.3 The Schools Causing Concern element is used primarily by the School Improvement Service, to support schools that are in danger of falling into an Ofsted category of concern at the next inspection. The majority of the funding goes to schools that are risk assessed as high priority. It is increasingly the case that many of these schools have budgetary issues, and have actual or forecast deficits which hamper the schools' capacity for rapid improvement. If an intervention is needed to support the school in the short term in order to increase the capacity for rapid improvement, and the school's budget is one of its issues, the Schools Causing Concern fund may be used to fund part or all of the intervention/s. All support for schools from the LA is detailed in a support plan, drawn up by School Improvement advisers in collaboration with the school and any other partner providers, and reviewed at regular intervals. Costings for support and where the funding will come from, are detailed and agreed as part of the support plan. Support provided may include advice and guidance from a LA school improvement adviser, school to school support delivered by Teaching School Alliances, and other support procured externally.

3.4 Over the period 2016/17 to 2019/20, 173 distinct schools or federations have benefitted from funds from the Schools Causing Concern budget. 113 of these schools have maintained their Good or Outstanding Ofsted judgement, despite concerns at the point of the fund being applied. Unfortunately, seven schools receiving funds subsequently closed, typically due to a decline in pupil numbers. 33 schools are currently judged as Requires Improvement (RI) with 16 of these due an Ofsted inspection visit as soon as inspections resume. Three of the schools previously judged as RI are now sponsored academies. The remaining 20 schools have judgements of Inadequate, and these are either existing LA schools (9) or their predecessor school (11) where schools are

2021/22 School Funding – De-Delegation

already sponsored academies. Several schools remain without sponsorship arrangements and continue to access the funding.

- 3.5 The three schools receiving the greatest amounts are secondary schools. In total, these three schools received £630,000 over the period 2015-2020. Fifty schools received over £10,000 and in contrast, 15 schools received under £1,000 of funding during the same period. Schools use the funds for a variety of support including wider leadership support, additional specialist capacity such as behaviour mentors, maths or English development, or to cover the cost of executive leadership; this accounts for the variation in the amounts allocated. When considering the recurrence of the spend, 49 schools have only accessed the funds on one occasion in the 5-year period, 40 schools accessed funds over two periods, although not always consecutive. A further 26 schools accessed the funds over three occasions and there were 12 schools which received funds over four years and seven schools doing so over five years. The range allocated to these seven schools was £24,000 to £72,000 in total.
- 3.6 It is also expected that, given the number of schools facing financial difficulties, there will be continued pressure on the school redundancy costs support budget; it is proposed that there is a continuation of the £250k funding contribution from the Schools Financial Difficulty Contingency to this budget.
- 3.7 Expenditure levels associated with the Schools in Financial Difficulty Contingency de-delegated funding and the number of schools that have received support from the funding over recent financial years are as follows:

	2016/17 £k	2017/18 £k	2018/19 £k	2019/20* £k
De-Delegated Amount	693	655	565	755
Expenditure	679	1,062	290	655

*Includes £250k redundancy support contribution

- 3.8 It is proposed to continue with the de-delegation for Schools in Financial Difficulty Contingency for the 2021/22 financial year. The members of the Forum representing LA maintained schools are asked to consider this proposal and, if agreed, additionally consider the level of de-delegation options as follows:
- i. Retained at 2020/21 levels - £16.01 per pupil
 - ii. 3% increase - £16.49 per pupil
 - iii. 5% increase - £16.81 per pupil

4.0 UNREASONABLE SCHOOL EXPENDITURE CONTINGENCY

- 4.1 The Unreasonable School Expenditure budget is available to support schools with exceptional items where it would not be reasonable to expect funding to be provided from the school budget. In recent years the budget has been used to help fund:
- Council tax charges and adjustments for redundant school houses/ bungalows
 - Support for exceptional premises costs (e.g. introduction of split site premises part way through a financial year)

2021/22 School Funding – De-Delegation

- Support for additional expenditure resulting from premises limitations (e.g. a school has to introduce an additional class due to the physical size of the classroom accommodation)
- Exceptional one-off legal costs
- Exceptional one-off staffing costs
- Support for pupil number increases which do not meet the pupil growth criteria

4.2 Expenditure levels associated with the Unreasonable School Expenditure Contingency de-delegated funding and the number of schools that have received support from the funding over recent financial years are as follows:

	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
De-Delegated Amount	90	85	73	66
Expenditure	63	85	79	49
No. Schools Supported	16	15	19	11

4.3 It is proposed to continue with the de-delegation for the Unreasonable School Expenditure Contingency for the 2021/22 financial year. The members of the Forum representing LA maintained schools are asked to consider this proposal and, if agreed, additionally consider the level of de-delegation options as follows:

- i. Retained at 2020/21 levels - £1.39 per pupil
- ii. 3% increase - £1.43 per pupil
- iii. 5% increase - £1.46 per pupil

5.0 TRADE UNION COSTS (PAFA)

5.1 The Trade Union (PAFA) element of de-delegation is dealt with under a separate report presented by the Professional Associations.

6.0 RECOMMENDATIONS

6.1 LA-maintained primary phase Schools Forum members are asked to vote on the de-delegation:

- a. Schools in Financial Difficulty:
 - i. continuation of de-delegation
 - ii. if agreed to continue, level of de-delegation:
 - Retained at 2020/21 levels - £16.01 per pupil
 - 3% increase - £16.49 per pupil
 - 5% increase - £16.81 per pupil
- b. Unreasonable School Expenditure
 - i. continuation of de-delegation

2021/22 School Funding – De-Delegation

- ii. if agreed to continue, level of de-delegation:
 - Retained at 2020/21 levels - £1.39 per pupil
 - 3% increase - £1.43 per pupil
 - 5% increase - £1.46 per pupil
- 6.2 LA-maintained secondary phase Schools Forum members are asked to vote on the de-delegation of:
- a. Schools in Financial Difficulty:
 - i. continuation of de-delegation
 - ii. if agreed to continue, level of de-delegation:
 - Retained at 2020/21 levels - £16.01 per pupil
 - 3% increase - £16.49 per pupil
 - 5% increase - £16.81 per pupil
 - b. Unreasonable School Expenditure
 - i. continuation of de-delegation
 - ii. if agreed to continue, level of de-delegation:
 - Retained at 2020/21 levels - £1.39 per pupil
 - 3% increase - £1.43 per pupil
 - 5% increase - £1.46 per pupil

STUART CARLTON
Corporate Director – Children and Young People’s Service