

Date of meeting:	Thursday 13 November 2019
Title of report:	2020/21 School Funding: De-Delegation
Type of report: Delete as required	For information / decision
Executive summary: Including reason for submission	This report provides an overview of the use of de-delegated funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure Contingencies. The report also details the LA proposals for de-delegation in 2020-21.
Budget / Risk implications:	Potential risk to services and resources for schools funded from de-delegated funding from April 2020
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 2020/21 financial year
Voting requirements:	De-delegation: LA maintained primary and secondary schools only (in relevant phase)
Appendices:	N/A
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1.0 PURPOSE OF THE REPORT

- 1.1 This report provides an overview of the utilisation of de-delegated funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure over the last three years. Proposals for the de-delegation of funding for the 2020/21 financial year are also presented within the report.
- 1.2 The Schools Forum is asked to consider the report and relevant phases of LA-maintained schools are also asked to vote on recommendations for de-delegation for the 2020/21 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 The Schools Forum took the decision to reduce the number budgets which were de-delegated in the 2019/20 financial year with de-delegation of Behaviour Support Services, Ethnic Minority Services and Free School Meal Eligibility Checking ceasing. The Forum supported the continuation of de-delegation for the Schools in Financial Difficulties Funding and Unreasonable School Expenditure contingency budgets and Trade Union Costs (PAFA).
- 2.4 The Forum also supported an increase in the level of the Schools in Financial Difficulty de-delegated contingency for the 2019/20 financial year to provide 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) was implemented with a 50% funding contribution from the local authority and 50% funded from an increase in the Schools in Financial Difficulty de-delegated contingency. The de-delegated funding contribution to the school redundancy costs budget in 2019/20 is £250k.
- 2.5 The DfE have confirmed that de-delegation of services will continue to be allowed for 2020-21. 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.
- 2.6 The services and amounts de-delegated in 2019-20, total £948k, and include:

	£k	£/pupil
Schools in Financial Difficulty Contingency	755	£16.01
Unreasonable School Expenditure Contingency	66	£1.39
Trade Union Costs	127	£2.70
TOTAL	948	

- 2.7 At the September 2019 meeting of the Schools Forum further information was requested with regard to the utilisation of the de-delegated funding in order to inform the decision making process for any de-delegation of funding for 2020/21.

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. There are 3 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.

- 3.3 The Schools Causing Concern element is used primarily by the Education & Skills 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 Education & Skills in collaboration with the school, and reviewed at regular intervals. Costings for support, and where the funding will come from is detailed and agreed as part of the support plan. Support provided may include advice and guidance from a LA school improvement adviser, subject/aspect support and review, school to school support delivered by Teaching School Alliances, and other support procured externally.

- 3.4 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 the previous three financial years are as follows:

2020/21 School Funding – De-Delegation

	2016/17 £k	2017/18 £k	2018/19 £k	2019/20* £k
De-Delegated Amount	693	655	565	755
Expenditure	679	1062	290	464
No. Schools Supported	60	71	69	64

*Includes £250k redundancy support contribution

- 3.5 It is proposed to continue with the current level of de-delegation for Schools in Financial Difficulty Contingency for the 2020/21 financial year at the same per pupil level as 2019-20. The contingency is available to support financially vulnerable schools who would find it difficult to fund the required support from their delegated budgets. The contingency will also be utilised in supporting the LA school financial governance strategy to assist those schools who have developed a strong and demonstrable financial recovery strategy which delivers in-year financial sustainability but are struggling to fully pay off their accumulated budget deficit. 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 funding contribution from the Schools Financial Difficulty Contingency to this budget.

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)
 - 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 the previous three 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	16
No. Schools Supported	16	15	19	7

- 4.3 It is proposed to continue with the current level of de-delegation for the Unreasonable School Expenditure Contingency for the 2020/21 financial year at the same per pupil level as 2019-20. The contingency will provide continued support to schools that are facing costs, on an exceptional basis, that they could not be reasonably expected to make provision for within their delegated budgets.

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 of:
- Schools in Financial Difficulty
 - Unreasonable School Expenditure
- 6.2 LA-maintained secondary phase Schools Forum members are asked to vote on the de-delegation of:
- Schools in Financial Difficulty
 - Unreasonable School Expenditure

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