

Date of meeting:	Thursday 15 December 2022
Title of report:	2023/24 School Funding: De-Delegation – Contingency Budgets
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	The report details the estimated reserves position on the de-delegate contingency budgets and the LA proposals for the de-delegation associated with these budgets in 2023-24. 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 2023
Recommendations:	As detailed in Section 5 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 2023/24 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 the estimated reserves position for the de-delegated contingency budgets in relation to Schools in Financial Difficulty and Unreasonable School Expenditure at the end of the 2022/23 financial year and the de-delegation proposals for the 2023/24 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 2023/24 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 Trade Union Support for Schools (TUSfS) and School Improvement Services (newly delegated in 2022/23 as a result of a 50% reduction in the DfE School Improvement Monitoring and Brokering Grant paid to the LA). 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 was reduced for 2022/23 from £250k to £125k as a result of the reduced number of staffing restructures being undertaken due to the Covid pandemic. This reduction was expected to be for the 2022/23 financial year only.
- 2.4 The DfE have confirmed that de-delegation of services will continue to be allowed for 2023-24. 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 2022-23 in relation to the contingency funds and Trade Union Support for Schools, total £976k, and include:

	£k	
Schools in Financial Difficulty Contingency	445	£12.83/pupil
Unreasonable School Expenditure Contingency	48	£1.39/pupil
Trade Union Support for Schools	108	£3.12/pupil
School Improvement Services (50% de-delegated)	375	£1712/lump sum
TOTAL	976	

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 that 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 2021/22, £25k was used to support a primary school with maintaining the required resources and class structure to accommodate additional pupils resulting from the housing developments in the village and neighbouring school closure. The school was also implementing a financial recovery plan to address a significant budget deficit.
- 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 without this support. 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 Hubs or NLEs and other support procured externally.

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- 3.4 The total spend from the Schools Causing Concern budget is detailed in the tables below. In addition to this spend a further £150k funded Senior Education Advisers providing additional capacity for improvement partnership work. 105 schools had partnership plans over this financial year supported by the £150k providing additional capacity. Of these 89 received additional targeted support. The cost levels of the additional support are detailed below.

Support provided by	Expenditure	Number of schools
NYCC School Improvement	£26,000	23
NYCC Inclusion	£600	1
NYCC Human Resources	£23,500	78
NY School	£16,500	
Non-NY School	£74,500	20
Consultant	£6,000	6
TOTAL	£147,100	

The services provided by Human Resources were predominately for the provision of Single Central Record Checks. Consultants provided curriculum, leadership support and governance support. Non-NY schools provided executive leadership to schools. North Yorkshire schools provided curriculum, leadership support and executive leadership to schools.

The cost levels of the additional targeted support provided to schools are detailed below:

Spend per plan	Total expenditure	Number of schools
£1 to £1,000	£23,500	65
£1,001 to £5,000	£29,600	19
£5,001 to £10,000	£8,000	1
£10,001 or greater	£86,000	4
TOTAL	£147,100	89

Support has been provided across the following categories

Support Category	Total expenditure
Behaviour	£1000
Curriculum	£12,500
Early Years	£7,100
Executive Leadership	£74,000
Governance	£4,500
Leadership	£23,000
Safeguarding	£25,000
TOTAL	£147,100

- 3.5 It is expected that, given the number of schools facing financial difficulties due to the current significant cost pressures, there will be a continued requirement for financial support in relation to school redundancy. The level of school staffing restructures is

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anticipated to return to a normal / above normal level of activity in 2023/24 when compared to the previous three year period where activity has been limited as a result of the Covid pandemic.

As a result of the limited staffing restructure activity in schools in 2020/21 and 2021/22 and the expectation that funding requirements for 2022/23 will be contained within the overall school redundancy budget of £250k (£125k from de-delegated funds), unspent reserve funding is available on the school redundancy provision budget.

- 3.6 Expenditure levels associated with the Schools in Financial Difficulty Contingency de-delegated funding over recent financial years are as follows:

	2017/18 £'000	2018/19 £'000	2019/20* £'000	2020/21* £'000	2021/22* £'000
De-Delegated Amount	615	565	755	646	629
Expenditure	756	276	655	171	413
In Year Position	-141	289	100	475	216
Reserve B/F	23	-118	171	271	746
Reserve C/F	-118	171	271	746	962

(Please note the figures in the above table have been reviewed and amendments have been made to the figures previously reported)

*Includes £250k redundancy support contribution

- 3.7 The Schools in Financial Difficulty Contingency De-Delegated Reserve as at 31 March 2022 was £962k. This is broken down as follows over the three contingency elements of the funding:

Schools in Financial Difficulty De-Delegated Funding – Contingency Elements	Reserve Fund as at 31 March 2022 £'000
Schools Causing Concern	71
Schools in Financial Difficulty	450
School Redundancy Contributions	441
Schools in Financial Difficulty De-Delegated Reserve at at 31 March 2022	962

- 3.8 School budgets are currently experiencing significant pressures; this position is expected to continue for the 2023/24 financial year. In this regard, it is anticipated that there will be a greater funding requirement on the elements of the de-delegated contingency funds associated with supporting staff redundancy costs and the provision of additional financial support to those facing exceptional financial challenges. However, both of these funding elements do have reserves as a result a reduced funding requirement over the last 2-3 year period. There has been greater utilisation of the Schools Causing Concern element of the contingency de-delegated funding to support those schools at risk of both budget deficit and in danger of falling into an Ofsted category of concern at the next inspection. This has resulted a smaller reserve

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associated with this funding element. It is anticipated that there will be a continued requirement for Schools Causing Concern support in the 2023/24 financial year.

- 3.9 The Schools in Financial Difficulty de-delegation proposal presented to the Schools Forum in November 2022 sought to provide stability in terms of the level of de-delegation made to school budgets on a year-to-year basis. However, given the concerns raised by the Schools Forum on the cost pressures currently faced by schools, and given the level of reserves on the Schools in Financial Difficulty Contingency de-delegated budgets, the original proposal has been amended to request members of the Schools Forum representing LA maintained schools to consider the following Schools in Financial Difficulty de-delegation proposals for the 2023/24 financial year:
- i. To de-delegate £7.15 per pupil in relation to Schools Causing Concern funding. This is the equivalent value de-delegated for this element of the contingency budget in 2022/23.
 - ii. To utilise the £450k reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the £441k reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iv. To endorse the LA requesting LA maintained special schools and PRS to approve the buyback charge based on £7.15 per place in relation to Schools Causing Concern funding.
- 3.10 Whilst the amended proposals seek to address the concerns raised by the Schools Forum at the November 2022 meeting, Schools Forum members are asked to note the risk that any demands on the contingency budgets in excess of the available reserves will result in a request for an increase in de-delegation rates for these contingency budgets in the 2024/25 financial year.

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, backdated exceptional rents)
 - 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:

	2017/18 £k	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k
De-Delegated Amount	80	73	66	57	55
Expenditure	102	86	49	13	53
In Year Position	-22	-13	17	44	2
Reserve B/F	0	-22	-35	-18	26
Reserve C/F	-22	-35	-18	26	28
No. Schools Supported	15	19	11	8	5

(Please note the figures in the above table have been reviewed and amendments have been made to the figures previously reported)

Included within the 2021/22 expenditure detailed above, Schools Forum approved an exceptional funding allocation to Hensall CP of £44.8k in respect of funding for exceptional backdated rent arrears. The allocation was funded from the Schools in Financial Difficulty / Unreasonable School Expenditure Reserve.

- 4.3 Given the relatively small level of reserve on the Unreasonable School Expenditure de-delegated budget, it is proposed to continue with the de-delegation for the Unreasonable School Expenditure Contingency for the 2023/24 financial year. The members of the Forum representing LA maintained schools are asked to consider:
- i. the continuation of the de-delegation of the Unreasonable School Expenditure Contingency
 - ii. If agreed to continue to de-delegate, consider retaining the level of de-delegation at the 2022/23 level of £1.39 per pupil
 - iii. To endorse the LA requesting LA maintained special schools and PRS to approve the buyback charge based on £1.39 per place in relation to Unreasonable School Expenditure Contingency funding.

5.0 RECOMMENDATIONS

- 5.1 LA-maintained primary phase Schools Forum members are asked to vote on the de-delegation:
- a. Schools in Financial Difficulty:
 - i. To de-delegate £7.15 per pupil in relation to Schools Causing Concern funding. This is the equivalent value de-delegated for this element of the contingency budget in 2022/23.
 - ii. To utilise the £450k reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.

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- iii. To utilise the £441k reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. continuation of de-delegation
 - ii. if agreed to continue, to retain the 2022/23 level of de-delegation of £1.39 per pupil.
- 5.2 LA-maintained secondary phase Schools Forum members are asked to vote on the de-delegation of:
- a. Schools in Financial Difficulty:
 - i. To de-delegate £7.15 per pupil in relation to Schools Causing Concern funding. This is the equivalent value de-delegated for this element of the contingency budget in 2022/23.
 - ii. To utilise the £450k reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the £441k reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2023/24 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. continuation of de-delegation
 - ii. if agreed to continue, to retain the 2022/23 level of de-delegation of £1.39 per pupil.
- 5.3 LA maintained Schools Forum members to endorse the LA requesting LA maintained special schools and PRS to approve the buyback charges as follows:
- i. Schools Causing Concern element of the Schools in Financial Difficulty Contingency budget – £7.15 per place
 - ii. Unreasonable School Expenditure Contingency budget - £1.39 per place

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