

<b>Date of meeting:</b>	Thursday 16 December 2021
<b>Title of report:</b>	<b>2022/23 School Funding: De-Delegation</b>
<b>Type of report:</b> Delete as required	For decision
<b>Executive summary:</b> Including reason for submission	The report details the LA proposals for de-delegation in 2022-23. This report provides an overview of the use of de-delegated funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure Contingencies.
<b>Budget / Risk implications:</b>	Potential risk to services and resources for schools funded from de-delegated funding from April 2022
<b>Recommendations:</b>	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 2022/23 financial year
<b>Voting requirements:</b>	De-delegation: LA maintained primary and secondary schools only (in relevant phase)
<b>Appendices:</b>	N/A
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**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 2022/23 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 2022/23 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). 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 2021/22 is £250k.
- 2.4 The DfE have confirmed that de-delegation of services will continue to be allowed for 2022-23. 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 2021-22, total £800k, and include:

	£k	£/pupil
Schools in Financial Difficulty Contingency	629	£16.01
Unreasonable School Expenditure Contingency	55	£1.39
Trade Union Costs	116	£2.94
<b>TOTAL</b>	<b>828</b>	

### 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, £25k was used to support a newly formed primary school federation in delivering required school improvements, against a background of challenging premises issues in one of the schools and recovering a 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.

3.4 Over the period 2020-21, 89 schools were supported through partnership plans. Of these, 29 plans included funds from the Schools Causing Concern budget. The total allocated funding was £112,324 and this was applied across 31 schools. Four schools had more than one plan. Due to the suspension of routine Ofsted inspections it is not possible to detail the impact of this spend against inspection outcomes in the usual way. Unfortunately, three schools receiving funds during this period have subsequently closed, typically due to a decline in pupil numbers. These three schools received £15,357 through their plans during 2020-21. Six LA schools currently have directive academy orders; these schools were allocated £55,942 during this financial year. One of these, is supported by a local federation and has improved to a requires

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improvement judgement. Three others are likely to be sponsored, and two have had approval for consultation on closure.

- 3.5 During 2020-21 only two schools received amounts over £10k. Both are small primary schools where interim leadership arrangements were required. In total, these two schools received £47,481. Ten schools or federations received under £1,000 of funding through their plans during the same period (total £7,791). A further 13 schools or federations received amounts from £1k to £5k (£26,420) and three schools received amounts from £5k to £10k (£26,351). Against the backdrop of the pandemic, most schools continued to use the funds for a range of school improvement activity including wider leadership support, additional specialist capacity such as 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, over the last six years, 48 schools have only accessed the funds on one occasion in the 6-year period, 43 schools accessed funds over two periods, although not always consecutive. A further 32 schools accessed the funds over three occasions and there were 11 schools which received funds over four years and 12 schools doing so over five years.
- 3.6 It is also expected that, given the number of schools facing financial difficulties, there will be a continued requirement for financial support in relation to school redundancy. As a result of the Covid pandemic, the use of the funding was limited in 2020/21 and the reduced requirement has continued for 2021/22. It is expected that there will be a return a more normal activity level of school staffing restructure processes in 2022/23. Having regard to both the limited funding requirements in 2020/21 and 2021/22 and the expected position for 2022/23, it is proposed to reduce funding contribution from the Schools Financial Difficulty Contingency to this budget from £250k to £125k for 2022/23. At this stage, the reduction is proposed for 2022/23 only and the funding requirement will revert to £250k for 2023/24.
- 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	2020/21* £k
De-Delegated Amount	693	655	565	755	660
Expenditure	679	1,062	290	655	137

\*Includes £250k redundancy support contribution

- 3.8 It is proposed to continue with the de-delegation for Schools in Financial Difficulty Contingency for the 2022/23 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 2021/22 levels\* - £12.83 per pupil
  - ii. 3% increase - £13.21 per pupil
  - iii. 5% increase - £13.47 per pupil  
(\*adjusted for £125k reduction in school redundancy costs funding contribution)

#### 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 recent financial years are as follows:

	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k	2020/21 £k
De-Delegated Amount	90	85	73	66	57
Expenditure	63	85	79	49	12
No. Schools Supported	16	15	19	11	8

- 4.3 It is proposed to continue with the de-delegation for the Unreasonable School Expenditure Contingency for the 2022/23 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 2021/22 levels - £1.39 per pupil
  - ii. 3% increase - £1.43 per pupil
  - iii. 5% increase - £1.46 per pupil

#### 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. continuation of de-delegation
    - ii. if agreed to continue, level of de-delegation:
      - Retained at 2021/22 levels\* - £12.83 per pupil
      - 3% increase - £13.21 per pupil
      - 5% increase - £13.47 per pupil

- b. Unreasonable School Expenditure
    - i. continuation of de-delegation
    - ii. if agreed to continue, level of de-delegation:
      - Retained at 2021/22 levels - £1.39 per pupil
      - 3% increase - £1.43 per pupil
      - 5% increase - £1.46 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. continuation of de-delegation
    - ii. if agreed to continue, level of de-delegation:
      - Retained at 2021/22 levels\* - £12.83 per pupil
      - 3% increase - £13.21 per pupil
      - 5% increase - £13.47 per pupil
  - b. Unreasonable School Expenditure
    - i. continuation of de-delegation
    - ii. if agreed to continue, level of de-delegation:
      - Retained at 2021/22 levels - £1.39 per pupil
      - 3% increase - £1.43 per pupil
      - 5% increase - £1.46 per pupil

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