



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 23 November 2023
Title of report:	2024-25 School Funding: De-Delegation – Contingency Budgets
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	The report details the LA proposals for the de-delegated contingency budgets for the 2024-25 financial year and the estimated reserves position for these budgets. The report also 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 2024
Recommendations:	As detailed in Section 5 in relation to voting the proposals for the continued de-delegation of the Schools in Financial Difficulty – Schools Causing Concern element. It is proposed to use reserves to fund the requirements in relation to Schools in Financial Difficulty – Financial Awards and School Redundancy Costs Contribution elements and Unreasonable School Expenditure for the 2024/25 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 presents the de-delegation proposals for the 2024-25 financial year for the de-delegated contingency budgets in relation to Schools in Financial Difficulty and Unreasonable School Expenditure and the estimated reserves position at the end of the 2023-24 financial year for these budgets. 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 2024-25 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 (de-delegated in 2022-23 as a result of the removal of 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.
- 2.4 In consideration of the cost pressures faced by schools, the Schools Forum requested that funding from the Schools in Financial Difficulty De-Delegated Funding Reserve was utilised for the 2023-24 financial year to provide contingency funding to support School Redundancy Costs Contribution from de-delegated funding and any funding awards from the Schools in Financial Difficulty fund. The use of reserves to fund these contingency budgets was agreed for the 2023-24 financial year only.
- 2.5 LA services and contingencies funded from de-delegated funding are available to local authority maintained nursery schools, special schools and PRS on an annual buy back basis.

- 2.6 The DfE have confirmed that de-delegation of services will continue to be allowed for 2024-25. Schools Forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service/ contingency 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.
- 2.7 The services and amounts de-delegated in 2023-24 in relation to the contingency funds and Trade Union Support for Schools, total £1,137k, and included:

	£k	£/pupil
Schools in Financial Difficulty – Schools		
Causing Concern Contingency Only	238	£7.15
Unreasonable School Expenditure	46	£1.39
Trade Union Services	114	£3.44
School Improvement – Core Service	739	Lump Sum £3,200/School +£2.35/primary pupil & £2.86 / secondary pupil
TOTAL	1,137	

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 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 202-/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. No funding awards were made in the 2022-23 financial year.
- 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 and other support procured externally.

- 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. 101 schools had partnership plans over this financial year supported by the £150k providing additional capacity. All received additional targeted support provided through the school improvement enhanced offer. The cost levels of the additional support are detailed below.

Support provided by	Expenditure	Number of schools
NYC School Improvement	£960	1
NYC Human Resources	£10,155	63
Consultancy (governance support; leadership support)	£71,285	13
TOTAL	£82,400	77

The services provided by Human Resources were predominately for the provision of Single Central Record Checks. Consultants provided curriculum, leadership support and governance support.

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	£3,855	8
£1,001 to £5,000	£22,472	62
£5,001 to £10,000	£21,646	4
£10,001 or greater	£34,427	3
TOTAL	£82,400	77

Support has been provided across the following categories

Support Category	Total expenditure
School to School Support	£11,346
Curriculum	£960

Governance	£1,050
Leadership	£52,762
Safeguarding	£13,782
Other	£2,500
TOTAL	£82,400

- 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 costs in the 2024-25 financial year.
- 3.6 Expenditure levels associated with the Schools in Financial Difficulty Contingency de-delegated funding over recent financial years are as follows:

	2018/19 £'000	2019/20* £'000	2020/21* £'000	2021/22* £'000	2022/23** £'000
De-Delegated Amount	565	755	646	629	445
Net Expenditure	276	655	171	413	239
In Year Position	289	100	475	216	206
Reserve B/F	-118	171	271	746	1,055***
Reserve C/F	171	271	746	962	1,261

*Includes £250k redundancy support contribution

**Includes £125k redundancy support contribution

***Includes Reserves review adjustment

- 3.7 The Schools in Financial Difficulty Contingency De-Delegated Reserve as at 31 March 2023 was £1,261k. 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 2023 £'000
Schools Causing Concern	87
Schools in Financial Difficulty	625
School Redundancy Contributions	549
Schools in Financial Difficulty De-Delegated Reserve at at 31 March 2023	1,261

- 3.8 School budgets are currently experiencing significant pressures; this position is expected to continue for the 2024-25 financial year. In this regard, it is anticipated that there will be a continued 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 recent years. There has been ongoing utilisation of the

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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 in a smaller reserve associated with this funding element. Again, it is anticipated that there will be a continued requirement for Schools Causing Concern support in the 2024-25 financial year.

- 3.9 The Schools in Financial Difficulty De-Delegated Funding Reserve was utilised for the 2023-24 financial year to provide contingency funding to support School Redundancy Costs Contribution from de-delegated funding and any funding awards from the Schools in Financial Difficulty fund rather than de-delegating funding from school budgets. Given the level of reserves on the Schools in Financial Difficulty Contingency de-delegated budgets, it is proposed to adopt this approach again for these two budget areas for the 2024-25 financial year. Given the smaller reserve on the Schools Causing Concern budget element, and the expectation that school support provided by this funding will continue to be required in the 2024-25 financial year, it is proposed to de-delegate funding for this purpose for the next financial year. The members of the Schools Forum representing LA maintained schools are requested to consider the following Schools in Financial Difficulty de-delegation proposals for the 2024-25 financial year:
- i. To de-delegate £7.15 per pupil in relation to Schools Causing Concern funding. The requested funding amount has been held at the 2023-24 value and is the equivalent value de-delegated for this element of the contingency budget in 2022-23.
 - ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2024-25 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2024-25 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 nursery schools, special schools and PRS to approve the buyback charge based on £7.15 per place in relation to Schools Causing Concern funding.

- 3.10 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 2025-26 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)

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- 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:

	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k
De-Delegated Amount	73	66	57	55	48
Net Expenditure	86	49	13	53	9
In Year Position	-13	17	44	2	39
Reserve B/F	-22	-35	-18	26	40*
Reserve C/F	-35	-18	26	28	79
No. Schools Supported	19	11	8	5	6

*Includes Reserves review adjustment

4.3 Given the level of reserve on the Unreasonable School Expenditure de-delegated budget as at 31 March 2023 and having regard to the anticipated levels of funding requirement for 2023/24, it is proposed to utilise the reserve funding to support any funding requirement on the de-delegation contingency for the 2024-25 financial year with no de-delegation of funds for this element of the funding proposed for next financial year. The members of the Forum representing LA maintained schools are asked to consider:

- To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2024-25 financial year with no de-delegation of funds for this element of the funding for next financial year.

4.4 Again, Schools Forum members are asked to note the risk that any demands on the contingency budget in excess of the available reserves will result in a request for an increase in de-delegation rates for these contingency budgets in the 2025-26 financial year.

5.0 **RECOMMENDATIONS**

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

- Schools in Financial Difficulty:

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- i. To de-delegate £7.15 per pupil in relation to Schools Causing Concern funding. The requested funding amount has been held at the 2023/24 value and is the equivalent value de-delegated for this element of the contingency budget in 2022/23.
 - ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year.
- 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. The requested funding amount has been held at the 2023/24 value and is the equivalent value de-delegated for this element of the contingency budget in 2022/23.
 - ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2024/25 financial year with no de-delegation of funds for this element of the funding for next financial year
- 5.3 LA maintained Schools Forum members to endorse the LA requesting LA maintained nursery schools, special schools and PRS to approve the buyback charges based on £7.15 per place in relation to Schools Causing Concern funding.

STUART CARLTON

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