

Open Report on behalf of Debbie Barnes, Executive Director of Children's Services

Report to:	Schools Forum
Date:	04 October 2017
Subject:	De-delegation of maintained primary school budgets 2018/19 & 2019/20

Summary:

The purpose of the report is to seek approval from the maintained primary school representatives' of the Forum to the Local Authority's (LA) proposals for the de-delegation of certain budgets in 2018/19 and 2019/20.

Recommendation(s):

That the maintained primary school representatives on the Schools Forum are asked to support the proposals for de-delegation of the budgets for the period 2018/19 and 2019/20, as set out above.

Background

The Department for Education (DfE) previously introduced radical reforms to school funding arrangements in April 2013. Although LAs were required to delegate more budgets to schools as part of the reforms, they were permitted to seek de-delegation of some services for maintained schools. The Government's decision to move to a National Funding Formula in 2018/19 still allows the de-delegation arrangement for maintained schools to continue.

Key features of these arrangements include:

- Only maintained schools can have funds de-delegated from their budget share. Academies are therefore unaffected and, for that reason, they are not permitted to vote on de-delegation matters.
- The decision to de-delegate funds for maintained schools should be considered and voted upon separately by each sector.
- Where there are no maintained school representatives on the Schools Forum for a particular sector, no decision can be made and de-delegation is therefore not possible.
- Should there be conversion of any more schools to academies, it will reduce the total sum de-delegated for a service, if the per pupil deduction remains unchanged.
- Any underspendings that arise on budgets de-delegated from maintained schools should, as a point of principle (i.e. fairness), be earmarked for the benefit of the maintained schools in that sector only.

De-delegations for 2017/18

For 2017/18 maintained primary schools agreed to de-delegate funding for:

- Contingency, i.e. termination of employment costs for schools in financial difficulty, and; exceptional unforeseen costs; and
- Ethnic Minority and Traveller Education Team (EMTET).

No funds were de-delegated for maintained secondary schools.

The report to the Schools Forum last year stated that the cumulative underspend at 31st March 2016 was £1.085m.

At the meeting 5th October 2016, it was agreed that:

1. Due to government regulations, the easiest way to return unspent funds to the maintained primary schools was to adjust the LA's proposed charges for the following year. It was accepted that as a consequence of this approach, the per pupil amounts de-delegated would vary from year to year.
2. In light of the cumulative underspend reported, and considering the decision to continue with the reduced de-delegation rates in 2016/17 for maintained primary schools with the remaining costs being met from cumulative underspend (the cumulative underspend was projected to fall to £0.551m by March 2017¹), the LA proposed to continue with the current de-delegation rates in 2017/18 for maintained primary schools.
3. To set the sums de-delegated for 2017/18 as follows:

Contingency ²	£11.01 per pupil
Ethnic Minority and Traveller Education Team (EMTET)	£ 5.44 per pupil

Proposals for 2018/19

It was previously proposed that the charges for 2018/19 would revert back to the baseline amounts per pupil for the de-delegation budgets; as opposed to using cumulative underspends to part fund the de-delegation services.

The cumulative underspend reported at 31st March 2017 is £0.853m. The main variance between the forecasted (£0.551m) and the actual cumulative underspend related to the reported underspend on termination of employment costs for schools in financial difficulty of £0.152m, which is demand driven. The LA Staffing Reduction Panel meets to carefully consider maintained primary schools' applications to access the termination of employment costs for schools in financial difficulties budget. Schools will need to demonstrate that without implementing its proposed staffing reductions it will fall into a deficit within two years. Only then will this budget contribute to the redundancy costs. The financial contribution that maintained primary schools will be required to make towards redundancies (if they meet the criteria) will be the first £5,000 of the total cost of every redundancy; or 50% of the total cost of every redundancy, whichever is the greater, subject to a maximum redundancy amount payable of 2.5% of the school's budget share for the financial year.

Based on the assumption that the budgets would be fully spent in 2017/18 the cumulative underspend is projected to fall to £0.316m by March 2018. This however includes the budget being fully spent on the termination of employment costs for schools in financial

¹ The projected 31st March 2017 cumulative underspend position was based on the assumption that the budgets will be fully spent.

² This includes the Termination of Employment costs, Interim / Consultant headteachers and School Improvement.

difficulty (£0.250m), which as outlined above is a demand-led budget and not straightforward to forecast on.

With the Government's decision to move to the National Funding Formula in 2018/19 that will see all schools receive a 0.5% per pupil increase, and the anticipated gains for Lincolnshire schools through its implementation, it is expected that this additional funding will help address some of their financial challenges, although it must be noted that the funding is largely driven by pupil-led funding therefore pupil numbers must remain viable. Based on the Government's funding announcement and previous spend levels on the termination of employment costs for schools in financial difficulty, the LA propose to reduce the budget by £0.1m to £0.150m in 2018/19. The financial position on this budget will need to be monitored annually, particularly with the high number of small rural maintained primary schools.

The primary maintained schools contingency budgets³ are demand-led in nature and require a degree of prudence, therefore the LA propose to retain a £0.2m provision within the cumulative underspend. This provision will ensure predictably in de-delegation amounts for primary maintained schools where unexpected costs arise to the delivery of services, i.e. an increased demand from primary maintained schools.

Considering the anticipated cumulative underspend and provision to be retained for unexpected costs, the LA propose to continue with reduced de-delegation rates in 2018/19 for maintained primary schools with the remaining costs being met from cumulative underspend.

Contingency	£16.06 per pupil
Ethnic Minority and Traveller Education Team (EMTET)	£ 5.44 per pupil

This would finance:

Termination of employment costs	£0.150m
Consultant headteachers	£0.291m
Exceptional unforeseen costs	£0.380m
Ethnic Minority and Traveller Education Team (EMTET)	£0.189m

Proposals for 2019/20

It is proposed that the charges for 2019/20 would revert back to the baseline amounts per pupil for the de-delegation budgets, which would be set at:

Contingency	£23.57 per pupil
Ethnic Minority and Traveller Education Team (EMTET)	£ 5.44 per pupil

These figures are indicative. They are based on the October 2016 census and 34,818 maintained primary pupils. The figures may change slightly due to the DfE's requirement for LAs to use the latest October census for the detailed calculations. The budget requirements will also be kept under review.

Information regarding the current services is set out in Appendix 1.

³ This includes the Termination of Employment costs, Interim / Consultant headteachers and School Improvement.

Next Steps

The outcomes from the decisions made by maintained primary representatives on the Schools Forum will be reflected in maintained primary schools' future budgets.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix 1	Details of the current service provision funded through the de-delegation budgets.

Background Papers

Document title	Where the document can be viewed
De-delegation of maintained primary schools budgets 2017/18 and 2018/19.	http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?Clid=166&MId=4576&Ver=4

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