

Consultation on Central Retention of Dedicated Schools Grant From April 2024

Introduction

On behalf of Shropshire Schools Forum, the views of maintained schools are being sought on the central retention of Dedicated Schools Grant (DSG) in the next financial year, 2024-25. Schools Forum is committed to consulting with maintained schools ahead of a Forum meeting on 30 November 2023, at which decisions on the de-delegation and top slicing of DSG from April 2024 will be taken.

Background

Schools Forum is a legally constituted advisory and consultative group, made up of representatives from the maintained, academy and wider education sectors, who work with the local authority on issues related to school funding. One of their key areas of work is in relation to the school funding formula and the retention of a small part of the overall DSG to underwrite the costs of services, centrally managed by the local authority on behalf of maintained schools, given the economies of scale and value for money for schools this can realise.

The Government's school revenue budget settlement guidelines allow local authorities, following consultation with the maintained schools' community and with Schools Forum approval, to centrally retain DSG through de-delegation and top slicing. These retention methods are as follows:

- De-delegation – centrally held budgets within the Schools Block of DSG can be de-delegated from maintained schools by the sector representatives on Schools Forum, with decisions taken on an annual basis.
- Top-slicing – in December 2016, the Government's school revenue settlement allowed local authorities to retain some of their Schools Block of DSG to carry out statutory duties for maintained schools, previously funded through general duties Education Services Grant (ESG), which was removed in September 2017.

The impact in 2023-24 of the decisions taken by Schools Forum in December 2022 are summarised in the table below:

Decision	Total	Primary Per Pupil	Secondary Per Pupil
De-delegation (maintained primary and secondary):			
Pupil growth contingency	£35,000	£3.03	-
Maternity cover	£250,000	£20.71	£20.71
Trade union duties	£25,000	£2.07	£2.07
School improvement (primary)	£142,561	£6.17 + £859/school	-
School improvement (secondary)	£514	-	£0.99
Top slice (maintained primary and secondary):			
Redundancy fund	£150,000	£12.43	£12.43
Statutory school finance	£30,000	£2.49	£2.49
Statutory human resources and health and safety	£53,104	£4.40	£4.40
Education welfare and inclusion	£167,759	£13.90	£13.90

This consultation document will examine each of the areas for which delegated funds are taken from maintained schools and seek views on a number of options for how to proceed on each in 2024-25. A simple return has been produced for collecting feedback from schools, which will be collated and inform the report that will be produced for the decision-making meeting of Schools Forum on 30 November 2023. **The consultation will run until Wednesday 22 November 2023.**

It is important to understand that Schools Forum has the choice, for each budget area, between de-delegating/top-slicing or not. This means that **any decisions taken will impact on all maintained schools from April 2024.**

Planned Academy conversions

There are currently twelve maintained primary schools with a planned conversion date before 1st April 2024. It is therefore important this year to understand the effect this would have on the per pupil rates for de-delegation and top slicing, should these academisations proceed by the 1st April 2024. It is hard to calculate the reduction each area may see in costs, if these conversions go ahead, and we have therefore kept the costs at what we believe is needed for the current number of maintained schools. It is hopeful that these costs will reduce in year and then reductions can be made for the following year on the per pupil costs. We have included an estimated per pupil cost based on the number of pupils currently and the anticipated number of pupils if the planned academy conversions all take place by the 1st April 2024.

De-delegation

This section looks at each of the support areas for which funding can be de-delegated from maintained schools. Historically, reports have been taken to the late autumn term meetings of Schools Forum to secure formal decisions for the following financial year. The table below summarises these decisions since 2015-16.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Pupil growth	£160,000	£159,770	£320,230	£150,170	£100,000	£95,000	£50,000	£30,000	£35,000
Maternity cover	£334,000	£321,570	£499,260	£410,000	£260,000	£236,713	£228,947	£270,000	£250,000
Insurance	£24,450	£23,280	£22,760	£0	£0	£0	£0	£0	£0
Trade union duties	£53,180	£50,400	£50,020	£43,600	£27,772	£24,241	£25,000	£25,000	£25,000

An important consideration when looking at whether a budget should be de-delegated, is the impact on schools resulting from delegation, because **with delegation comes responsibility**. This means that the responsibility for the delegated budget line – for example, paying for staff maternity cover – transfers to the school and any costs have to be met from the school's delegated budget. The de-delegated funds have therefore provided something of an insurance policy for schools against one-off hits to their budget, which can have a significant impact on schools with tight budgets and modest contingencies.

1. Pupil growth contingency – primary only

A contingencies budget de-delegated from maintained primary schools to allow additional funding to be targeted at schools where pupil numbers increase by at least 15% of their

funded number on roll. Controls limit allocations to actual additional costs incurred by a school as a direct result of increased pupil numbers.

A key consideration is delegated responsibility. In this case, by not de-delegating, there would be no contingency for pupil growth from April 2024 and so schools would have to absorb cost pressures until the increased pupil numbers worked through from the school census in October 2024, which would result in an increased delegated budget from April 2025. In most cases, given the forecast data provided to schools each year by the local authority on pupil numbers, schools should be alert to such growth and be able to budget plan for the lagged funding. Such growth in pupil numbers will tend to impact from the beginning of an academic year, with the reception intake, which means that the lagged funding generally follows two terms later.

In 2023-24 this budget has overspent, and we therefore suggest an increase in the fund from £35,000 to £50,000.

Pupil growth contingency – options for 2024-25:

- a. De-delegate funding from primary maintained schools as in previous years, with per pupil sums determined by the outturn position in 2023-24 i.e., an overspend or underspend will affect the per pupil rate in 2024-25. It is anticipated that a projected overspend may require an increase in the fund to £50,000 and therefore a per pupil amount of £4.40 in 2024-25 on current pupil numbers or £5.47 if planned academy conversions proceed.
- b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding pupil growth from their individual delegated budgets from April 2024.

2. Maternity cover

Funds the salary costs of any member of school staff on maternity leave in the maintained primary and secondary sector, meaning the schools are only liable for the costs of the replacement employee.

A decision not to de-delegate this budget from April 2024, would mean that maintained schools would be responsible for meeting all maternity pay costs of school staff from their individual delegated budgets. Schools would be able to access commercially available products/policies, some combining maternity cover with sickness cover. The experience of academies is mixed – some are sourcing cover arrangements from the marketplace, while others are carrying the risk of meeting any maternity costs from their own budgets.

These options would be available to maintained schools if the decision is taken not to de-delegate funding for maternity cover. Schools would need to carefully consider the flexibility and 'headroom' within their budget (including reserves), as well as the age profile of their female staff. In financial planning terms this can be challenging, given the difficulty of predicting the need for maternity leave.

Shared parental leave (SPL) was introduced in 2015 to allow both parents to share the 52 weeks of leave available after the birth or adoption of a child. Shropshire has seen a relatively low take up of this right in the previous few years, however, there has been an increase in number of school staff taking Shared parental leave in 2023-24. The cost of "Shared parental leave" is borne by the Schools Maternity Pay pot, but the financial impact of any increase in take up is not yet fully understood. This is something that will need to be monitored going forward.

Current projections indicate that the de-delegated budget of £250,000 for maternity cover will be underspent by £5.5k. This means that the per pupil rates in 2024-25 are likely to be £21.02 in 2023-24 on current pupil numbers or £25.89 if planned academy conversions proceed.

Maternity cover - options for 2024-25:

- a. De-delegate funding from maintained schools as in previous years, with per pupil sums determined by outturn position in 2023-24 –as only a small underspend is currently forecast the per pupil rate in 2024-25 is expected to be £21.02 on current pupil numbers or £25.89 if planned academy conversions proceed.
- b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding maternity cover from their individual delegated budgets from April 2024.

3. Trade union duties (referred to as facilities time)

This funding is de-delegated for the costs of trade union representatives supporting their members in maintained schools through what is commonly referred to as facilities time. The funding provides cover for, among other things: carrying out trade union duties, attending union training, undertaking health and safety functions, and accompanying members attending hearings, for example disciplinary or grievance. There is strong lobbying each year from the professional associations for these funds to be de-delegated.

Each union is required to attend a termly meeting with the local authority, called the Association Secretary Group. The membership of this group includes the local union representative from each recognised trade union and representatives from the Council's human resources advisory team. This meeting is the mechanism which allows collective consultation and negotiation between the local authority on behalf of schools and the trade unions on behalf of their members. All human resources policies and procedures are consulted and agreed at these meetings. Schools would be required to consult with trade unions and their own staff if this were removed. The group also discusses other employment relations issues and maintains a positive dialogue between schools and unions which in turn supports positive employee/employer relationships.

If local trade union representatives were not funded via the facilities time, maintained schools would be able to consider using their delegated funding to secure local arrangements with the trade unions, in particular by pooling funding with other maintained schools and academies. This could lead to a fragmentation of the current arrangements across the school sector. Alternatively, it would mean each school would have to allocate funding for facilities time for all unions represented in their school and may lead to schools dealing with regional trade union representatives with little or no local knowledge. It is the view of the local authority that this would not be as effective and efficient an arrangement as that which could be secured through continuation of de-delegation.

One of the options is to continue to operate a fixed budget for facilities time support to maintained schools, as has been the case in the last three years, which maintains and secures a baseline of funding to guarantee the required level of support to these schools from union representatives contracted to deliver this support. The budget has been set at a

fixed de-delegated total of £25,000, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2024-25 are set.

Trade union duties - options for 2024-25:

- a. De-delegate funding of £25,000 from maintained schools, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2024-25 are set. This is likely to be £2.10 per pupil (on current pupil numbers) or £2.59 if planned academy conversions proceed.
- b. Fully delegate funding and responsibility to maintained schools, meaning that local arrangements for facilities time would need to be secured by individual schools and/or groups of schools in collaboration with trade unions.

4. School improvement

The funding for school improvement provides access to a range of services including:

- Routine visits by school improvement advisers. The frequency of these is determined by need as specified in Shropshire’s School Performance Monitoring (SPM) policy. Schools in need of low support may only receive an annual visit but schools in need of medium or high support may receive a minimum 6 or 9 visits.
- Ad-hoc support and visits to provide advice on emerging issues including complaints, staffing issues etc.
- Ofsted support
- Headteacher recruitment support etc

For 2023-24, Schools Forum agreed to de-delegate £142,561 from maintained primary schools and £514 from maintained secondary schools to secure ongoing statutory school improvement support for the year through the Education Improvement Service (EIS). This was necessary given the Government’s removal of funding for school improvement from the two elements of ESG funding, for retained duties and general duties. The School Improvement Monitoring and Brokering Grant (SIMBG) was also removed completely from 2023-24.

This is an area of support in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

The amount will be increased by 5% compared to 2023-24 to reflect the impact of inflation and pay awards on delivery costs.

School Improvement – option for 2024-25

On current pupil numbers we would de-delegate funding from primary maintained schools at a fixed element of £902 per site and a variable element of £6.48 per pupil. De-delegation for the remaining secondary maintained school will be £1.04 per pupil. This is an increase of 5% on 2023-24 due to pay award and inflation.

If planned academy conversions go ahead these numbers may increase to a fixed element of £1030 per site and a variable element of £8.25 per pupil in the primary maintained schools.

Top slicing

This section looks at each of the support areas for which funding has been top sliced from maintained schools in the financial year 2023-24. These support areas were previously funded from general duties ESG and so, in the knowledge that this grant funding was being removed by the Government in September 2017, Schools Forum determined that - for the last four financial years – funding would be centrally retained in order to provide continuity of provision for maintained schools. This was based on the understanding and commitment to fully consult with schools on what would happen in each subsequent year, hence this consultation on top-slicing from April 2024.

5. Redundancy fund

This fund underwrites the costs of premature retirement and redundancy of staff in maintained schools. Schools Forum supported the principle of retaining a central fund for redundancy costs in maintained schools in previous years. In 2023-24 the contribution was £12.43 per pupil in maintained schools.

A decision not to top-slice funding from April 2024 would mean that individual maintained schools would be liable for meeting any redundancy costs from their delegated budget. This would present a potential financial risk and significant challenge for schools struggling to manage their budgets in year and with low levels of school balances to draw upon. Schools in the academy sector already face these financial challenges and so have to plan carefully and in a timely manner to manage such costs.

The costs of redundancy can vary significantly dependent on the grade of staff and length of service. The budget for 2023-24 of £150k is likely to be on target. The amount was reduced last year and with expected cost pressures for maintained schools due to cost of living and inflationary pressures, it is anticipated that the level of top slice for redundancies in 2024-25 will remain the same.

Redundancy fund - options for 2024-25:

- a. Top-slice funding from maintained schools as in 2023-24. It is anticipated that the per pupil rate will be approximately £12.61 on current pupil number or £15.53 per if all planned academy conversions go ahead.
- b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding all redundancy costs from their delegated budget from April 2024.

6. Statutory school finance

This centrally retained funding underwrites the costs of officer support for statutory financial functions on behalf of maintained schools, including: the monitoring and control of school balances; advice and support to schools in financial difficulties; challenge to schools who are not exercising appropriate financial controls, and appraising and approving licensed budget deficits. This also includes completion of the APT and outturn budgets.

This is an area in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

Statutory school finance - option for 2024-25:

Top-slice funding of £30,000 from maintained schools, as in 2023-24, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2024-25 are set. This would be approximately £2.52 per pupil based on current pupil numbers or £3.11 if all planned academy conversions go ahead.

7. Statutory human resources and health and safety

A number of statutory and regulatory functions in the area of human resources and occupational health and safety were previously funded through general duties ESG. This is primarily because the local authority is the employer of staff in maintained schools, with the exception of voluntary aided schools, who directly employ their own staff. While maintained schools can secure advisory support through annual service level agreements, the costs of the functions previously funded through the general duties ESG are not costed into these agreements.

The areas of support covered by the £53,104 top-sliced in 2023-24 include health and safety, occupational health, recruitment, payroll and contracts, as well as HR advice.

A proportion of this centrally retained funding underwrites the costs of the statutory functions outlined in the Recruitment, Payroll and Contracts Service Level Agreement (SLA).

In addition, a significant proportion of this centrally retained funding underwrites the Health and Safety and Occupational Health SLAs. Such funding is required in order for the local authority to comply with its duties as the employer under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions. It is the view of the local authority that compliance with the above legislation cannot reasonably be achieved through tasks delegated to the governing bodies of schools. The centrally identified funding includes expenditure incurred by the local authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice.

It should be noted that the local authority has a statutory responsibility for approximately 4,000 school employees, including centrally employed supply teachers.

The local authority view is that the above areas are difficult to present as an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

However, the unit cost per pupil top-sliced in 2024-25 will be increased by 19% to the current pupil value which would increase the top-slice from £4.40 to £5.24 per pupil. This increase reflects that the per pupil value has not increased for a number of years and the impact of inflation and pay awards on delivery costs.

Statutory human resources and health and safety - option for 2024-25:

Top-slice funding of approximately £5.24 per pupil from maintained schools based on current pupil levels or £6.45 per pupil if all planned academy conversions go ahead.

8. Education Access Service

The top-slice in 2023-24 is partly funding education welfare, delivered through the Education Access Service (EAS). The service also receives grant funding from retained duties ESG (which the local authority continues to receive and is separate from the general duties ESG, which ceased in September 2017), as well as income from trading with academies.

The top-slice provides maintained schools with access to all EAS support including education welfare, attendance and inclusion/exclusion officers, child employment services and performance licensing.

The main alternative to top slicing maintained school budgets is to move to a fully traded service from April 2024. Work has been undertaken to develop a traded offer to schools that will ensure the continuity of service and maintains effective working with schools on securing improved attendance, safeguarding pupils, and raising attainment.

The proposed EAS service delivery agreement model has been based on a daily rate built around the time required in maintained schools for strategic intervention and casework. For the separate service delivery agreement for inclusion services, a standard rate will be applied for maintained primary schools. A bespoke package can be offered to meet the individual requirements of the remaining maintained secondary and special schools. The two service delivery agreements will give maintained schools access to the full range of advice and support offered by EAS.

There are risks to maintained schools of not opting into a traded arrangement. They would need to be confident that they have the skills and underpinning knowledge they require within their own setting, or where they can secure this support from elsewhere and at what cost.

The top-slice for 2024-25 will need to increase to reflect the impact of inflation and pay awards on delivery costs. It is currently estimated that per pupil unit costs will need to increase from £13.90 to £15.15. This 9% increase reflects impact of inflation and pay awards on delivery costs.

Education Access Service - options for 2024-25:

- a. Top-slice funding from maintained schools will need to increase 2024-25 to reflect increased pay and price pressures. It is anticipated that the current rate of £13.90 per pupil in 2023-24 will need to increase to £15.15 per pupil in 2024-25 based on current pupil numbers or £18.66 if all planned academy conversions go ahead.
- b. Fully delegate funding and responsibility to maintained schools, presenting buy-back arrangements through service delivery agreements from April 2024 for those seeking to secure ongoing education welfare and inclusion support for the areas currently covered by the top-slice.